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STATE OF NEW HAMPSHIRE

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ATTORNEY GENERAL
Philip T. McLaughlin

COMMISSIONER OF ADMINISTRATIVE SERVICES
Donald S. Hill

JUDICIAL

CHIEF JUSTICE
SUPREME COURT OF NEW HAMPSHIRE
David A. Brock

LEGISLATIVE

PRESIDENT OF THE SENATE
Joseph L. Delahunty
(24 Senators)

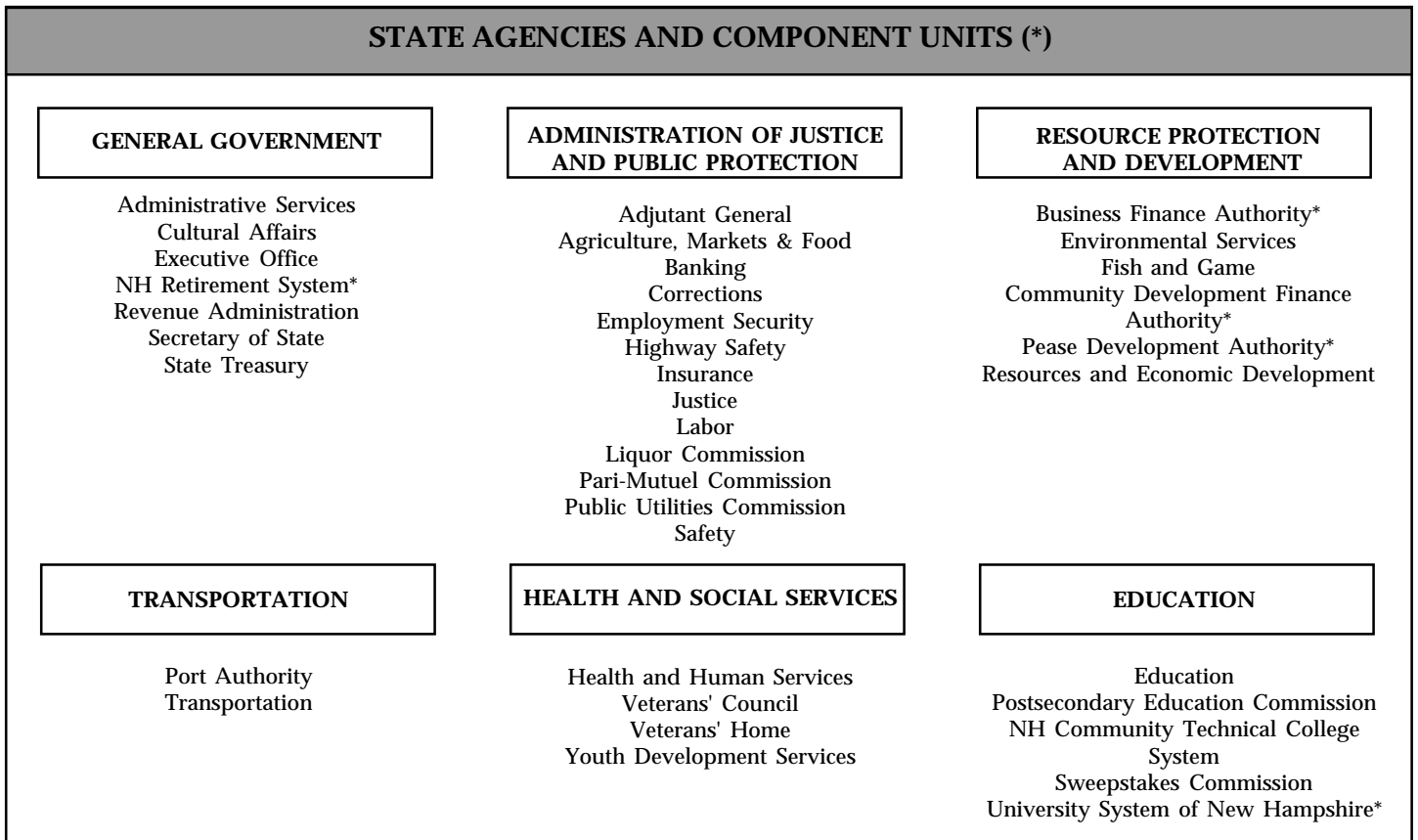
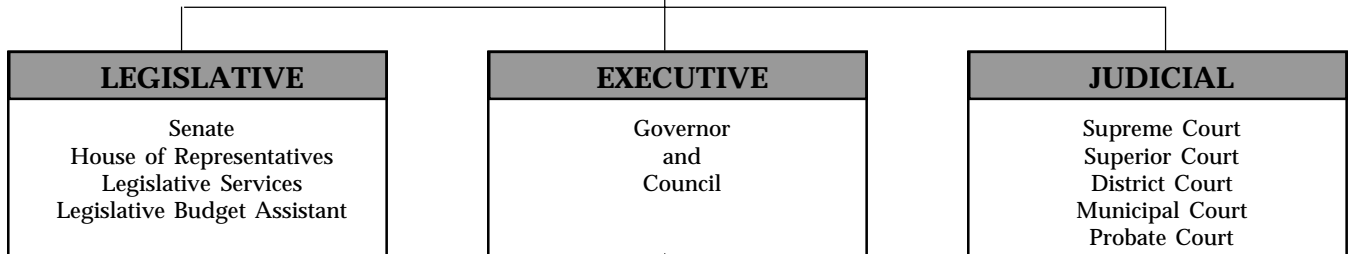
SPEAKER OF THE HOUSE OF REPRESENTATIVES
Donna Sytek
(400 Representatives)

TREASURER
Georgie A. Thomas

SECRETARY OF STATE
William M. Gardner

STATE OF NEW HAMPSHIRE

ORGANIZATION CHART



LETTER OF TRANSMITTAL

To: The Citizens of New Hampshire,
Her Excellency the Governor
and the Honorable Council

December 1, 1997

INTRODUCTION

In accordance with the Revised Statutes Annotated (RSA) 21-I:8I(h), it is a pleasure to submit the Comprehensive Annual Financial Report (CAFR), covering the fiscal year ended June 30, 1997. As this report illustrates, New Hampshire's vivid scenery and rich history are fundamental to the State's appealing quality of life. This quality of life is one of the features that attract employers and workers to the State.

This report has been prepared by the State's Department of Administrative Services and responsibility for both the accuracy of the data presented and completeness and fairness of the presentation, including all disclosures, rests with the State. The general-purpose financial statements, considered by management to present fairly and consistently the State's financial position and results of operations, are based on generally accepted accounting principles (GAAP).

The State's CAFR is reported in three major sections in accordance with criteria established by the Governmental Accounting Standards Board (GASB). They are the introductory, financial and statistical sections. The introductory section includes summary financial data and comments on matters of interest to the reader. The financial section includes the general-purpose financial statements and notes thereto, as well as combining financial statements. The statistical section contains unaudited statistical trend information, demographic and economic data.

The notes to the financial statements are considered an integral and essential part of adequate disclosure and fair presentation of the general-purpose financial statements. The notes include the summary of significant accounting policies applied to the matters relating to the financial position and results of operations of the State. The notes provide significant insight into the financial statements and are necessary to understand the financial statements.

The CAFR presents information on the financial position and operations of the State's primary government and its component units as one reporting entity. The various agencies, departments, boards, commissions, and funds of the primary government and the five component units which comprise the State's reporting entity are included in this CAFR in accordance with criteria established by the GASB. The criteria, as covered in Note 1 "Summary of Significant Accounting Policies" of the notes to the financial statements, includes governmental activities and programs of the primary government and those governmental and non-governmental entities for which the State is "financially accountable" as defined by the legal statutes of the State of New Hampshire and GAAP.

ECONOMIC CONDITION AND OUTLOOK

The State's economic outlook continues to be bright as the New Hampshire economy has experienced strong steady growth since the 1988-1992 recession. This growth can be attributed to New Hampshire's skilled and hard working labor force, quality of life, proximity to Boston/Route 128, and the tax advantage. New Hampshire ranked first among the 50 states in percent of private employment in high tech industries at 7.8% (American Electronics Association, 1996). The State has a strong core of high performing small and medium-sized manufacturing and service establishments. In 1996, NH exports grew by 11%, exceeding all other New England states.

Since the recession, total employment has risen over 22%, more than making up for the 5% employment loss during the recession (Table 1). Unemployment has declined and, unlike the other New England states, the labor force is increasing. Since January 1, 1997, the State's labor force has increased by 21,000 workers while unemployment declined by 1.1%. The State's August 97 unemployment rate was 2.7% which was among the lowest in the country. For the period of August 96 to August 97, employment grew by 1.7%, ranking New Hampshire 24th among the states and suggesting that the current growth is sustainable.

Table 1 - Nonfarm Employment in New Hampshire, 1988 - 1997

	1988	1992	July 1997	% Change 1992 - July '97
Service	119,400	129,600	171,100	32%
Retail Trade	112,900	102,000	127,900	25
Manufacturing	117,900	97,400	105,600	8
F.I.R.E.*	32,300	29,100	28,900	(1)
Whole. Trade	23,200	21,600	27,700	28
Construction	36,400	16,300	22,600	39
Transportation	18,200	17,300	19,400	12
Total Private	460,300	413,300	503,700	22

Notes: July 1997, figures are preliminary and seasonally adjusted.

*Finance, Insurance and Real Estate

Manufacturing firms' employment levels continue to stand out. For the period of July 96 to July 97, employment grew almost 3% with an increase in 2,900 jobs. Since the low point in 1992, manufacturing employment has gained more than 2,000 jobs per year. The leading manufacturing industries include electronics, industrial machinery, instruments, and rubber and plastics products.

Many of our industries function as problem-solving component part and/or high value-added service suppliers to original equipment manufacturers located outside of the State, region and nation. Firms in these industries tend to employ skilled labor, pay well, and export products. Of the top ten leading industries (ranked by level and growth in employment, wages, establishments and productivity) in the State, five are in service and five are in manufacturing. No single industry dominates. (Table 2).

Table 2 - New Hampshire's Leading 4-Digit Industries

SIC		Number Employees	Nominal Wages	# of Establishments
3679	Electronic Components, NEC	2,774	\$ 31,889	53
3089	Plastics Products, NEC	2,314	28,104	58
3571	Electronic Computers	2,255	48,997	11
3672	Printed Circuit Boards	2,118	30,008	31
8711	Engineering Services	1,851	41,780	250
7371	Computer Programming Services	1,527	47,004	216
8731	Commercial Physical Research	1,075	54,033	40
7372	Prepackaged Software	689	58,332	63
7379	Computer Related Services	336	46,551	104
3082	Unsupported Plastics Profile Shapes	199	43,126	5

Source: New Hampshire Industry Group, University of New Hampshire, 1997.

Tourism is also important to the State's economy. The three year (1994 -1996) average monthly covered payroll employment for the restaurants, lodging, and amusement and recreation sectors equaled 46,200 during the non-summer months. This average increases to 56,700 during the summer months. As New Hampshire targets the foreign tourist market, the employment and income generated from tourism is projected to increase.

Finally, the following rankings substantiate New Hampshire's claim to an appealing quality of life that is key to attracting business:

- Morgan Quitno ranked NH second in its 1997 most livable state award;
- Money Magazine (July 1997) ranked Portsmouth, Manchester, and Nashua among the 6 best places to live in the country;
- Kids Counts Data Book ranked New Hampshire as the number one state for child welfare; and
- In 1996, New Hampshire had the lowest percentage of people living below the poverty level.

Information Sources:

- Ross Gittell, Associate Professor and member of the New Hampshire Industry Group, Whittemore School of Business and Economics, University of New Hampshire.
- New Hampshire Department of Employment Security, Economic and Labor Market Information Bureau.

MAJOR INITIATIVES

Education:

State support for local education for the next biennium will increase by 40 percent. Local school districts will receive in state fiscal year 1998, nearly \$71 million, the largest state distribution ever under the foundation aid program. An expanded kindergarten incentive program provides state funding of \$750 per kindergarten pupil as well as 75 percent of the school districts capital costs associated with the offering of public kindergarten. A reading recovery initiative was adopted to help teachers learn to identify reading problems early and give extra help to children who need it. Special education will be fully funded for all grade levels. Also, schools will receive help meeting the higher standards set for them under the state assessments program. Families who are planning on sending children to college will be able to take advantage of a new, tax-free tuition savings plan to help save for higher education.

Economic Development:

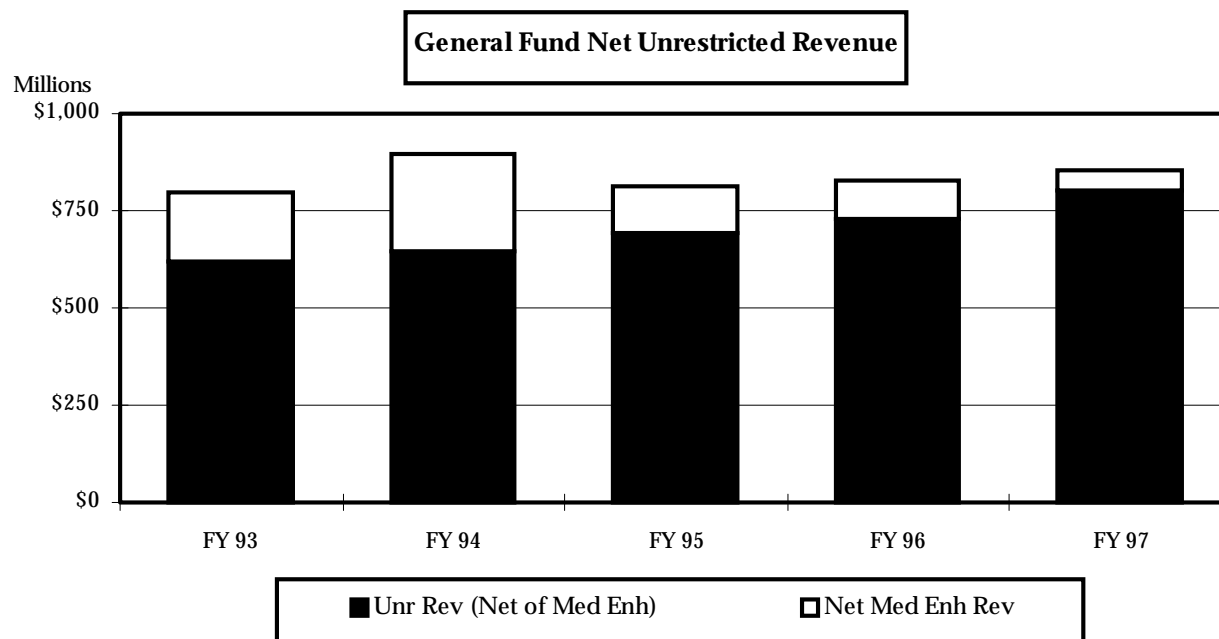
Investments in roads and bridges were increased in the FY 1998-99 budget by \$30 million. Following comprehensive reforms to lower the cost of workers' compensation insurance, average workers' compensation premium levels decreased by 10.5 percent in 1997. Marketing and promotion of New Hampshire as a tourist destination has been enhanced, and the first Tourism Task Force in 20 years has been established to develop strategies for growing the state's second largest industry. A campaign called "New Hampshire Stories" has been launched to enhance the value of New Hampshire-made specialty products by creating a brand identity for the state. Finally, in order for the State to maintain its competitive edge to retain and encourage existing businesses to expand and to attract new businesses, the electric rates being charged by many New Hampshire utilities must be reduced. The State is aggressively moving through negotiation and regulatory proceedings to a restructuring of the electric industry that will lead to competition among electric company suppliers, thereby reducing rates. When negotiations with Northeast Utilities and Public Service of New Hampshire failed to lower electric rates, the governor for the first time in New Hampshire's history, intervened with proceedings before the Public Utilities Commission.

Fiscal Responsibility:

In fiscal year 1997, the \$44.1 million deficit from fiscal year 1996 was virtually eliminated. Since fiscal year 1994, the growth in state revenues has allowed the State to reduce its dependency on the Medicaid Enhancement Tax. In addition, cities and towns are receiving \$98 million more in state aid over the next two years, than during the previous biennium. This additional state funding should provide some property tax relief. A panel has been established to validate and build consensus for revenue forecasting techniques. To make state agencies more accountable, performance based budgeting is being reviewed with pilot agencies being considered for the introduction of performance based budgeting. Finally, the consolidation of the state employees' health insurance program to one provider reduced the annual cost of the program by \$10 million.

FINANCIAL INFORMATION

During fiscal year 1997, the State experienced steady economic growth having a positive impact on tax collections and reducing the demand for public assistance. The General Fund unrestricted revenue, net of medicaid enhancement revenues, grew to \$799.7 million which was a 10.0% increase over fiscal year 1996. Medicaid enhancement revenues net of revenues to fund appropriation for uncompensated care, decreased to \$54.3 million in fiscal year 1997 from \$101.9 million earned in fiscal year 1996 (see table below). The June 30, 1997, General Fund undesignated fund deficit was reduced to \$1.2 million from a deficit of \$44.2 million at June 30, 1996. The balance in the Reserved for Revenue Stabilization Account remained at \$20.0 million.



The balance in the Reserved for Health Care Transition Fund was reduced to \$50.8 million after making a \$39.0 million transfer to General Fund undesignated fund balance. The transfer covered shortfalls from the revenues anticipated for medicaid enhancement revenues and revenue recoupment efforts at the Department of Health and Human Services.

General government functions are accounted for in the governmental fund type, which are the general, special revenue and capital projects funds. Revenues of the governmental fund type and expendable trust funds by revenue categories are as follows:

Governmental and Expendable Trusts: (Dollars in Thousands)	FY 1997 Amount	Percent of State Total	FY 1996 Amount	Increase (Decrease) from Prior Year	Percent of Increase (Decrease)
Taxes	\$ 944,458	39.4 %	\$ 877,038	\$ 67,420	7.7 %
Fees and Fines	108,265	4.5	109,760	(1,495)	(1.4)
Grants from Federal Government	796,797	33.3	818,672	(21,875)	(2.7)
Grants from Private and Local Sources ...	103,374	4.3	107,592	(4,218)	(3.9)
Sale of Services and Commodities	106,990	4.5	102,542	4,448	4.3
Assessments	15,157	0.6	14,058	1,099	7.8
Grants from Other Agencies	23,273	1.0	21,971	1,302	5.9
Miscellaneous	78,659	3.3	73,852	4,807	6.5
Total	\$2,176,973	90.9 %	\$2,125,485	\$ 51,488	2.4 %

Discussion of significant changes:

- Tax collections increased due to the continued strong economy. The combined increase for Business Profits Tax and Business Enterprise Tax was 18.3% for a total of \$32.5 million over fiscal year 1996. The Meals and Rooms Tax, Tobacco Tax, Insurance Tax and the Estate and Legacy Tax all had large increases that ranged from \$5.6 million to \$7.5 million.
- Grants from Federal Government declined primarily due to lower than anticipated federal medicaid revenues recognized for disproportionate share payments. Offsetting the decrease are increases in additional funding for highway projects, Environmental Services state revolving loans, and the school to work program.

Expenditures of the governmental fund type and expendable trust funds by category are as follows:

Governmental and Expendable Trusts: (Dollars in Thousands)	FY 1997 Amount	Percent of State Total	FY 1996 Amount	Increase (Decrease) from Prior Year	Percent of Increase (Decrease)
General Government	\$ 183,811	7.9%	\$ 190,411	\$ (6,600)	(3.5) %
Administration of Justice and Public Protection	172,020	7.4	162,179	9,841	6.1
Resource Protection and Development	109,987	4.7	100,070	9,917	9.9
Transportation	196,898	8.5	196,982	(84)	0.0
Health and Social Services	1,140,142	49.2	1,145,471	(5,329)	(0.5)
Education	227,084	9.8	208,586	18,498	8.9
Debt Service	75,461	3.2	74,754	707	0.9
Capital Outlay	129,305	5.6	109,207	20,098	18.4
Total	\$ 2,234,708	96.3%	\$ 2,187,660	\$ 47,048	2.2%

Discussion of significant changes:

- *General Government* expenditures decreased due to the Job Training Council Delivery System which was transferred from the Governor's Office (General Government) to the New Hampshire Community Technical College System (Education). Job Training was transferred in order to coordinate and maximize the education and training opportunities. The transfer resulted in a \$9.1 million decrease in general government for expenditures incurred in fiscal year 1996 and a \$10.7 million increase in education expenditures incurred in fiscal year 1997.
- *Administration of Justice and Public Protection* expenditures increased for Judicial branch (\$2.5 million), Department of Corrections (\$2.4 million), Department of Justice (\$2.7 million) and Emergency Management (\$2.4 million). Offsetting these increases were capital fund reductions in connection with the substantial completion of the I-95 liquor store in fiscal year 1996.
- *Resources Protection and Development* expenditures increased due to an additional \$9.3 million of expenditures in the State Revolving Loan program for waste water and landfill closure projects.
- *Education* expenditures increased as a result of the \$4.1 million initial kindergarten aid payments. In addition, expenditures increased by \$2.7 million for the federally funded School to Work program.
- *Capital Outlay* expenditures increased primarily due to an additional \$24.7 million Highway Fund expenditures for bridge replacement, betterments, equipment, and other highway reconstruction projects.

Enterprise Funds:

The State's Enterprise Funds account for the self-supporting activities of State governmental units which render services on a user-charge basis to the general public. These funds account for the activities of the Turnpike System, Liquor Commission, and the Sweepstakes Commission.

Net proceeds from operations of the Liquor Commission and the Sweepstakes Commission are transferred to the General Fund. The Liquor Fund net proceeds are used to fund the general operations of the State and the Sweepstakes net proceeds are subsequently disbursed by the Department of Education to local school districts throughout the State in accordance with a formula established by law.

The New Hampshire Turnpike System operates a self-supporting toll road which presently consists of approximately 94 miles of limited access highway, 37 miles of which are part of the U.S. Interstate Highway System. All revenues derived by the Turnpike System are used for operations, maintenance and repair, and the timely payment of principal and interest on debt.

Non-Expendable Trust Funds:

The non-expendable trust funds account for assets received and expended by the State as trustee.

Schedule of the enterprise funds and non-expendable trust funds revenues:

Enterprise Funds and Non-Expendable Trusts: (Dollars in Thousands)	FY 1997 Amount	Percent of State Total	FY 1996 Amount	Increase from Prior Year	Percent of Increase
Turnpike System	\$ 55,408	2.3%	\$ 52,769	\$ 2,639	5.0%
Liquor Commission (Net of Cost of Sales/Services)	84,077	3.5	78,136	5,941	7.6
Sweepstakes Commission (Net of Cost of Sales/Services)	73,637	3.1	67,961	5,676	8.4
Non-Expendable Trusts	5,179	0.2	4,381	798	18.2
Total	\$ 218,301	9.1%	\$ 203,247	\$ 15,054	7.4%

Schedule of the enterprise funds and non-expendable trust funds expenses:

Enterprise Funds and Non-Expendable Trusts: (Dollars in Thousands)	FY 1997 Amount	Percent of State Total	FY 1996 Amount	Increase (Decrease) from Prior Year	Percent of Increase
Turnpike System	\$ 41,897	1.8%	\$ 41,303	\$ 594	1.4%
Liquor Commission (Net of Cost of Sales/Services)	20,580	0.9	20,797	(217)	(1.0)
Sweepstakes Commission (Net of Cost of Sales/Services)	19,430	0.8	18,421	1,009	5.5
Non-Expendable Trusts	4,027	0.2	3,469	558	16.1
Total	\$ 85,934	3.7%	\$ 83,990	\$ 1,944	2.3%

Increases in Liquor Commission profits are due to successful marketing strategies for wine that have included discounts on case lots and specific promotional campaigns. The Liquor Fund transfer to the General Fund in fiscal year 1997 equaled \$63.5 million, a \$6.2 million increase over fiscal year 1996.

Increases in Sweepstakes revenue are linked to Powerball being in operation for the entire fiscal year and the growth and popularity of the Instant Games. The Sweepstakes Fund transfer to the General Fund in fiscal year 1997 equaled \$54.2 million, a \$4.7 million increase over fiscal year 1996.

Budgetary Process:

The State budget is prepared on a biennial basis. Prior to the start of each biennium, all departments of the state are required by law to transmit to the Commissioner of the Department of Administrative Services requests for capital and operating expenses and estimates for revenue for the ensuing biennium. Following public hearings and consultation with various department heads, the Governor prepares the governor's recommended budget. The budget is forwarded to the Legislature by February 15th of the odd year for consideration. The Legislature performs its review of the proposed budget and can make further adjustments. The budget passed by the Legislature is forwarded to the Governor to be enacted into law or to be vetoed.

The legal level of budgetary control is at the department level. All departments are authorized to transfer appropriations within their departments with prior approval from the Legislative Fiscal Committee and the Governor and Executive Council.

Internal Controls:

Major fiscal responsibilities within the State of New Hampshire are segregated among the following appointed officials:

- *Department of Administrative Services* - The Commissioner of Administrative Services, the Assistant Commissioner/Budget Officer and the Comptroller are responsible for enforcing financial policy guidelines, developing the executive budget, collecting financial data from individual agencies, developing and reviewing appropriation control procedures, and compiling agency financial information.
- *Legislative Budget Assistant (LBA)* - The LBA, an appointed official, is responsible for ensuring that an annual audit is conducted of the State's general purpose financial statements prepared by the Department of Administrative Services. The LBA also provides staff assistance to the finance committees of the State Legislature. The LBA Audit Division performs various financial, compliance and performance audits of state agencies.
- *State Treasurer* - The State Treasurer, elected by the Legislature, is responsible for executing policy for the management of the State Treasury and depositing and investing state funds as well as the issuing of general obligation and revenue bonds.
- *State Agencies* - Agency Commissioners and Directors are responsible for administering their agencies, in accordance with legislative and executive directives, to effectively service the citizens of the State of New Hampshire.

Financial transactions for the various state agencies are recorded in New Hampshire Integrated Financial System (NHIFS). The State's centralized accounting system and other accounting procedures were designed to provide various controls to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use and also the proper recording of financial transactions. The Department of Administrative Services prepared the Internal Controls Tool Kit in October 1995 to further educate agency personnel in the importance of maintaining an effective internal control structure.

Component Units:

The State's financial reporting entity consists of the primary government, composed of the funds and departments or agencies of the State, and five discretely presented component units. Component units are organizations which are legally separate from the State, but for which the State is deemed "financially accountable" under the various criteria set forth in GASB Statement No. 14. The Business Finance Authority, the Pease Development Authority, the University System of New Hampshire, the New Hampshire Retirement System and the Community Development Finance Authority are the five component units whose financial statements have been discretely presented in the State's CAFR for the year ended June 30, 1997.

Debt:

The State may issue general obligation bonds, revenue bonds, and notes in anticipation of such bonds authorized by the Legislature and Governor and Council. The State may also directly guarantee certain authority or political subdivision obligations. The State has entered into lease/purchase agreements, but they are not material in the aggregate. At year-end, the State's general obligation bonds were rated AA+ by Standard and Poor's Corporation, Aa2 by Moody's Investors Service, and AA+ by Fitch Investor Service, Inc. The State had approximately \$661.4 million in general obligation bonds and \$271.9 million of Turnpike revenue bonds outstanding at year-end.

The State had two bond issues in fiscal year 1997. On December 19, 1996, the state issued a total of \$63.2 million of general obligation bonds that included \$53.2 million of refunding bonds. On May 28, 1997, the State issued \$20.3 million of general obligation capital improvement bonds (College Savings Bond Program).

The State does not have any debt limitations, except for contingent debt guarantees which are detailed in the Notes to the Financial Statements.

Cash and Investments:

Cash deposits into the State Treasury are coordinated jointly by the State Treasurer and the State agencies. Cash is managed in pooled investment funds in order to maximize interest earnings. Investments are made in accordance with the State statutes. Cash is primarily invested in United States Treasury and agency obligations and certificates of deposit. For the fiscal year ended June 30, 1997 the average daily balance of pooled investment funds was estimated at \$297.1 million with an average yield of 5.9%. Total investment income was \$17.6 million for the year.

Insurance:

Historically, the State has assumed the risk for fire, property and general liability purposes, except where the provisions of law allow for the purchase of commercial insurance or where commercial insurance has been proven beneficial to the general public. Commercial insurance is purchased by the State to cover such things as fleet automobile, watercraft and aircraft liability, ski area operations to protect the State from liabilities resulting from state run facilities and a faithful performance position schedule bond to protect against dishonest acts of employees'.

Prior to July 1985, the State relied on the doctrine of sovereign immunity. Subsequently, legislation became effective creating the statute "Claims Against the State" in which sovereign immunity was waived to certain limits and would allow certain types of actions and claims to be brought against the State. The limits set by the statute are the basis for risk management programs.

GASB Statements:

The Governmental Accounting Standards Board (GASB) periodically issues statements establishing governmental accounting and financial reporting principles. To remain in conformity with generally accepted accounting principles (GAAP), the State is required to implement these statements within the time frames established by GASB. During fiscal year 1997, the State has implemented Statement No. 27 - "Accounting for Pensions by State and Local Governmental Employers" (Early Implementation).

OTHER RELEVANT INFORMATION

Pursuant to RSA 21-I:8I(h), the State Legislative Budget Assistant may designate a Certified Public Accountant not employed in state service to conduct an annual audit, in accordance with Generally Accepted Auditing Standards, of the State's general purpose financial statements. KPMG Peat Marwick LLP, the designated Certified Public Accountant, has performed an independent audit of the State's financial statements for the fiscal year ended June 30, 1997.

In order to comply with the Single Audit Act of 1984, the Legislative Budget Assistant also contracts for a single audit of the State as a whole, which will include a legal compliance report on all federal funds received by the State. This report (including a Schedule of Expenditures of Federal Awards received by the State and comments on internal accounting controls and compliance with laws, rules and regulations) will be published separately.

The fiscal year 1997 Comprehensive Annual Financial Report (CAFR) is the second CAFR to receive an unqualified audit opinion since the State converted to GAAP reporting in 1979. During 1996, the State focused on the elimination of the long standing audit qualification relative to the General Fixed Asset Account Group. As a result of this accomplishment, the 1996 CAFR was submitted to the Government Finance Officers Association (GFOA) to be evaluated for the Certificate of Achievement for Excellence in Financial Reporting Program. The review of the 1996 CAFR by GFOA identified some reporting issues that the State addressed in the 1997 CAFR. The State plans on resubmitting to GFOA once again with the hope that the 1997 CAFR will meet the standards required by the GFOA.

CONCLUSION

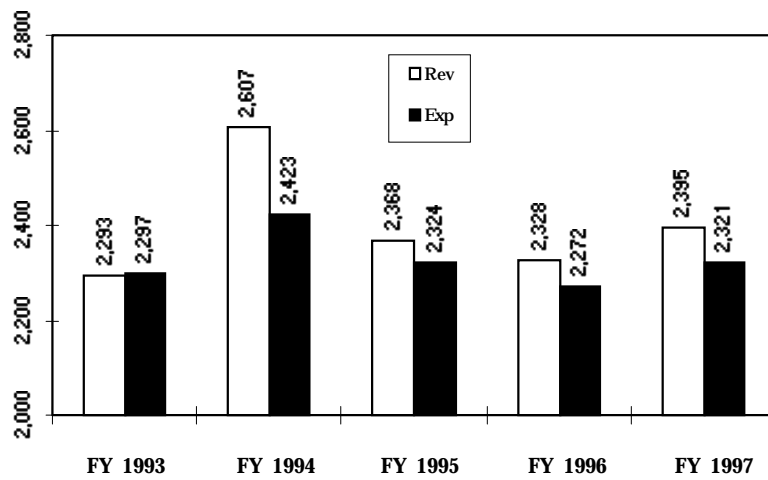
In submitting this report, I acknowledge the cooperation and assistance of all the state agencies and the dedication of the employees of the Division of Accounting Services.

Respectfully submitted,

Donald S. Hill, Commissioner

FINANCIAL HIGHLIGHTS

FIVE YEAR SUMMARY OF REVENUES AND EXPENDITURES ALL FUNDS (IN MILLIONS)



Revenues by Group

Governmental and Expendable Trusts:

Taxes	\$ 1,066	\$ 937	\$ 986	\$ 877	\$ 945
Fees and Fines	86	96	99	110	108
Grants from Federal Government	740	858	749	819	797
Grants from Private and Local Sources	73	86	94	107	103
Sale of Services and Commodities	69	364	145	102	107
Assessments	17	14	14	14	15
Grants from Other Agencies	17	17	17	22	23
Miscellaneous	48	55	74	74	79
Total	2,116	2,427	2,178	2,125	2,177

Enterprise Funds and Non-Expendable Trusts:

Turnpike System	48	50	51	53	55
Liquor Commission (Net of Cost of Sales and Services)	76	76	76	78	84
Sweepstakes Commission (Net of Cost of Sales and Services)	50	51	59	68	74
Non-Expendable Trusts	3	3	4	4	5
Total	177	180	190	203	218
Total Revenues	\$ 2,293	\$ 2,607	\$ 2,368	\$ 2,328	\$ 2,395

Expenditures by Function

Governmental and Expendable Trusts:

General Government	\$ 176	\$ 183	\$ 194	\$ 190	\$ 184
Administration of Justice and Public Protection	139	144	153	162	172
Resource Protection and Development	111	94	101	100	110
Transportation	185	174	189	197	197
Health and Social Services	1,149	1,377	1,241	1,146	1,140
Education	262	207	208	209	227
Debt Service	60	64	65	75	76
Capital Outlay	145	106	93	109	129
Total	2,227	2,349	2,244	2,188	2,235

Enterprise Funds and Non-Expendable Trusts:

Turnpike System	36	39	42	41	42
Liquor Commission (Net of Cost of Sales and Services)	19	20	20	21	21
Sweepstakes Commission (Net of Cost of Sales and Services)	12	13	15	18	19
Non-Expendable Trusts	3	2	3	4	4
Total	70	74	80	84	86
Total Expenditures	\$ 2,297	\$ 2,423	\$ 2,324	\$ 2,272	\$ 2,321

FINANCIAL HIGHLIGHTS (continued)

FIVE YEAR SUMMARY OF GENERAL FUND UNRESTRICTED REVENUE STATUTORY BASIS (IN MILLIONS)

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
Business Profits Tax	\$ 129	\$ 112	\$ 138	\$ 153	\$ 172
Meals and Rooms Tax	95	225	240	113	119
Insurance Tax and Securities Revenues	48	56	56	66	75
Liquor Sales and Distribution	63	64	64	66	72
Board and Care Revenue	32	322	105	59	61
Interest and Dividends Tax	36	36	38	52	53
Medicaid Enhancement Tax / Uncompensated Care Pool	161	42	46	46	50
Tobacco Tax	41	44	44	45	50
All Other Taxes	194	219	232	219	245
Total	<u>\$ 799</u>	<u>\$ 1,120</u>	<u>\$ 963</u>	<u>\$ 819</u>	<u>\$ 897</u>

FIVE YEAR SUMMARY OF GENERAL FUND UNRESTRICTED REVENUE MEDICAID ENHANCEMENT REVENUES (IN MILLIONS)

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
Board and Care Revenues - Disproportionate Share	\$ 19	\$ 307	\$ 91	\$ 46	\$ 47
Meals and Rooms Tax on Hospitals	0	124	132	0	0
Medicaid Enhancement Tax / Uncompensated Care Pool	161	42	46	46	50
Subtotal	180	473	269	92	97
Transfer (to)/from the Uncompensated Care Pool	0	(223)	(153)	10	(43)
Total Net Medicaid Enhancement Revenues (1)	<u>\$ 180</u>	<u>\$ 250</u>	<u>\$ 116</u>	<u>\$ 102</u>	<u>\$ 54</u>

Note (1): In FY 1994, Chapter Law 122, designated \$99.0 million of the \$250.0 million of net medicaid enhancement revenues to establish the State's Health Care Transition Fund.

FIVE YEAR SUMMARY OF GENERAL FUND UNRESTRICTED REVENUE WITH MEDICAID ENHANCEMENT REVENUES ANALYSIS (IN MILLIONS)

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
Business Profits Tax	\$ 129	\$ 112	\$ 138	\$ 153	\$ 172
Meals and Rooms Tax, Net	95	101	108	113	119
Insurance Tax and Securities Revenues	48	56	56	66	75
Liquor Sales and Distribution	63	64	64	66	72
Interest and Dividends Tax	36	36	38	52	53
Tobacco Tax	41	44	44	45	50
Board and Care Revenues, Net	13	15	14	13	14
All Other Taxes	194	219	232	219	245
Subtotal	619	647	694	727	800
Net Medicaid Enhancement Revenues (1)	180	250	116	102	54
Subtotal	799	897	810	829	854
Other Medicaid Enhancement Revenues Subsequently Transferred to/(from) the Uncompensated Care Pool	0	223	153	(10)	43
Total	<u>\$ 799</u>	<u>\$ 1,120</u>	<u>\$ 963</u>	<u>\$ 819</u>	<u>\$ 897</u>

Note (1): In FY 1994, Chapter Law 122, designated \$99.0 million of the \$250.0 million of net medicaid enhancement revenues to establish the State's Health Care Transition Fund.

FINANCIAL HIGHLIGHTS (continued)

**FIVE YEAR SUMMARY OF
GENERAL FUND REVENUES, EXPENDITURES AND
OPERATING TRANSFERS
(IN MILLIONS)**

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
Revenues, Net	\$ 945	\$ 1,037	\$ 970	\$ 992	\$ 1,037
Revenues to Fund the Uncompensated Care Pool	0	223	153	0	43
Total Revenues (1)	<u>945</u>	<u>1,260</u>	<u>1,123</u>	<u>992</u>	<u>1,080</u>
Operating Transfers In	<u>102</u>	<u>100</u>	<u>101</u>	<u>110</u>	<u>119</u>
Total Revenues and Operating Transfers In	<u>\$ 1,047</u>	<u>\$ 1,360</u>	<u>\$ 1,224</u>	<u>\$ 1,102</u>	<u>\$ 1,199</u>
Expenditures (2)	<u>\$ 854</u>	<u>\$ 814</u>	<u>\$ 864</u>	<u>\$ 873</u>	<u>\$ 889</u>
Operating Transfers Out (2)	158	263	257	258	255
Operating Transfers Out to the Uncompensated Care Pool	0	223	153	0	43
Total Operating Transfers Out (1)	<u>158</u>	<u>486</u>	<u>410</u>	<u>258</u>	<u>298</u>
Total Expenditures and Operating Transfers Out	<u>\$ 1,012</u>	<u>\$ 1,300</u>	<u>\$ 1,274</u>	<u>\$ 1,131</u>	<u>\$ 1,187</u>

Note (1): In FY 1994, a change in the budgetary structure of the State's uncompensated care pool resulted in an increase in both total revenues and total operating transfers out of \$223 million in FY 1994, \$153 million in FY 1995, and \$43 million in FY 1997.

Note (2): In FY 1994 through FY 1997, expenditures to the University System of New Hampshire were reclassified to operating transfers out in accordance with GASB Statement No. 14 - "The Reporting Entity" for \$62 million, \$63 million, \$64 million, and \$64 million respectively.

**FIVE YEAR SUMMARY OF
GENERAL FUND UNDESIGNATED FUND BALANCE
AND SPECIAL RESERVED ACCOUNTS
(IN MILLIONS)**

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
Undesignated Fund Balance (Deficit)	<u>\$ 31</u>	<u>\$ 12</u>	<u>\$ 0</u>	<u>\$ (44)</u>	<u>\$ (1)</u>
Reserved for Revenue Stabilization	<u>\$ 20</u>	<u>\$ 20</u>	<u>\$ 20</u>	<u>\$ 20</u>	<u>\$ 20</u>
Reserved for Health Care Transition Fund	<u>\$ 0</u>	<u>\$ 99</u>	<u>\$ 68</u>	<u>\$ 90</u>	<u>\$ 51</u>

INDEPENDENT AUDITORS' REPORT

To the Fiscal Committee of the General Court
State of New Hampshire
Concord, New Hampshire

We have audited the accompanying general purpose financial statements of the State of New Hampshire as of and for the year ended June 30, 1997. These general purpose financial statements are the responsibility of the State of New Hampshire's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of any of the entities included in the "Component Units" column of the general purpose financial statements. Those entities were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to data included for those entities, is based solely on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of New Hampshire as of June 30, 1997, and the results of its operations, and cash flows of its proprietary fund types, nonexpendable trust funds, and discretely presented component units for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 1, 1997, on our consideration of the State of New Hampshire's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants.

During fiscal year 1997, the State of New Hampshire implemented Governmental Accounting Standards Board Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and the New Hampshire Retirement System implemented Governmental Accounting Standards Board Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, Statement No. 26, *Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans*, and Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying combining financial statements and schedule as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of New Hampshire. Such information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and, accordingly, express no opinion thereon.

KPMG Peat Marwick LLP

December 1, 1997

STATE OF NEW HAMPSHIRE
COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS AND
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 1997
(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPE
ASSETS AND OTHER DEBITS	General	Special Revenue	Capital Projects	Enterprise
Cash and Cash Equivalents (Note 3)	\$ 78,552	\$ 141,930	\$ 19,808	\$ 43,937
Investments (Note 3)	4,120			
Receivables (Net of Allowances for Uncollectibles) (Note 4)	67,099	130,218	5,320	5,252
Due from Other Funds (Note 9)	6,295	29,206		
Due from Component Units (Note 9)	61,553	5,410		
Inventories	4,143	11,455		17,210
Other Assets	91			3
Loans and Notes Receivable (Note 4)		65,272		
Restricted Assets:				
Cash and Cash Equivalents (Note 3)				1,110
Investments (Note 3)	53,672			32,834
Due from Primary Government (Note 9)				
Receivables (Note 4)	1,162			
Deferred Charges				3,006
Fixed Assets (Net of Accumulated Depreciation) (Note 5)				468,459
Amounts to be Provided in Future Years (Note 6)				
Total Assets and Other Debits	\$ 276,687	\$ 383,491	\$ 25,128	\$ 571,811
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
LIABILITIES:				
Accounts Payable	\$ 45,603	\$ 86,779	\$ 6,841	\$ 18,560
Accrued Payroll	16,959	8,063		1,395
Due to Other Funds (Note 9)	29,297			6,295
Due to Primary Government (Note 9)				
Due to Component Units (Note 9)				
Deferred Revenue (Notes 4 and 9)	65,604	113,040	957	3,015
Unclaimed Property and Prizes	5,676			3,827
Other Liabilities	211			174
Custodial Funds Payable				
General Obligation Bonds Payable - Current (Note 6)				4,403
Liabilities Payable from Restricted Assets				9,861
General Obligation Bonds Payable (Note 6)				39,248
Revenue Bonds Payable (Net of Unamortized Discount) (Note 6)				261,795
Compensated Absences and Accrued Employee Benefits (Note 6)				3,878
Long-term Debt (Note 6)				
Total Liabilities	163,350	207,882	7,798	352,451
FUND EQUITY AND OTHER CREDITS:				
Investment in General Fixed Assets				
Contributions from Other Funds				12,407
Contributed Capital (Net of Amortization) (Note 10)				49,718
Retained Earnings				157,235
Fund Equity Component Units (Note 12)				
Fund Balances:				
Reserved for Unemployment Compensation Benefits				
Reserved for Various Trust Funds				
Reserved for Encumbrances	11,385	159,716	22,113	
Reserved for Investments	2,000			
Reserved for Inventories	4,143	4,286		
Reserved for Unexpended Appropriations	26,225	25,264	70,375	
Reserved for Revenue Stabilization	19,975			
Reserved for Health Care Transition Fund	50,833			
Unreserved, Undesignated (Deficit)	(1,224)	(13,657)	(75,158)	
Total Fund Equity and Other Credits	113,337	175,609	17,330	219,360
Total Liabilities, Fund Equity and Other Credits	\$ 276,687	\$ 383,491	\$ 25,128	\$ 571,811

The notes to the financial statements are an integral part of this statement.

FIDUCIARY FUND TYPE	ACCOUNT GROUPS		Totals (Memorandum Only) Primary Government	Component Units (Note 1)	Totals (Memorandum Only) Reporting Entity
Trust and Agency	General Fixed Assets	General Long-Term Debt			
\$ 8,268			\$ 292,495	\$ 546,668	\$ 839,163
452,791			456,911	3,419,826	3,876,737
6,432			214,321	51,793	266,114
193			35,694		35,694
			66,963		66,963
92			32,900		32,900
			94	16,487	16,581
			65,272	24,667	89,939
			1,110	7,349	8,459
			86,506	13,764	100,270
				292	292
			1,162	19,288	20,450
			3,006		3,006
	\$ 546,920		1,015,379	386,330	1,401,709
		\$ 677,983	677,983		677,983
\$ 467,776	\$ 546,920	\$ 677,983	\$ 2,949,796	\$ 4,486,464	\$ 7,436,260
			\$ 157,783	\$ 17,443	\$ 175,226
			26,417	8,393	34,810
\$ 102			35,694		35,694
				66,963	66,963
292			292		292
			182,616	14,288	196,904
			9,503		9,503
3,489			3,874	492,555	496,429
174,834			174,834		174,834
			4,403	500	4,903
			9,861	13,505	23,366
		\$ 617,702	656,950	22,836	679,786
			261,795		261,795
		60,281	64,159	53,139	117,298
				100,641	100,641
178,717		677,983	1,588,181	790,263	2,378,444
	\$ 546,920		546,920		546,920
			12,407		12,407
			49,718		49,718
			157,235		157,235
				3,696,201	3,696,201
275,145			275,145		275,145
13,914			13,914		13,914
			193,214		193,214
			2,000		2,000
			8,429		8,429
			121,864		121,864
			19,975		19,975
			50,833		50,833
			(90,039)		(90,039)
289,059	546,920		1,361,615	3,696,201	5,057,816
\$ 467,776	\$ 546,920	\$ 677,983	\$ 2,949,796	\$ 4,486,464	\$ 7,436,260



STATE OF NEW HAMPSHIRE

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPE	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trusts	
REVENUES:					
General Property Taxes	\$ 566				\$ 566
Special Taxes	556,644	\$ 49,491			606,135
Personal Taxes	50,421				50,421
Business License Taxes	68,928	123,680			192,608
Non-Business License Taxes	4,848	54,405		\$ 35,475	94,728
Fees	56,241	25,748			81,989
Fines, Penalties and Interest	23,937	2,339			26,276
Grants from Federal Government	128,920	657,199	\$ 10,678		796,797
Grants from Private and Local Sources	17,918	85,380	76		103,374
Rents and Leases	4,832				4,832
Interest, Premiums and Discounts	6,201	6,581	285	18,256	31,323
Sale of Commodities	11,207	427	18		11,652
Sale of Services	89,514	5,824			95,338
Assessments	13,700	1,457			15,157
Grants from Other Agencies	19,841	3,432			23,273
Miscellaneous	26,636	15,420		448	42,504
Total Revenues	1,080,354	1,031,383	11,057	54,179	2,176,973
EXPENDITURES:					
Current:					
General Government	146,199	31,204	6,408		183,811
Administration of Justice and Public Protection	135,463	31,151	5,406		172,020
Resource Protection and Development	53,369	49,151	7,467		109,987
Transportation	5,485	181,960	9,453		196,898
Health and Social Services	332,318	748,615	12,697	46,512	1,140,142
Education	135,842	89,705	1,537		227,084
Debt Service	69,134	6,327			75,461
Capital Outlay	11,507	113,985	3,813		129,305
Total Expenditures	889,317	1,252,098	46,781	46,512	2,234,708
Excess (Deficiency) of Revenues Over Expenditures	191,037	(220,715)	(35,724)	7,667	(57,735)
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	1,187	235,128	398		236,713
Operating Transfers from Enterprise Funds	117,704				117,704
Operating Transfers Out	(234,735)	(1,707)	(271)		(236,713)
Operating Transfers to Component Units	(63,750)		(14,467)		(78,217)
Proceeds from Issuance of Bonds		64	30,227		30,291
Proceeds from Refunding Bonds	52,035	1,560			53,595
Payments to Refunding Bond Escrow Agent	(52,035)	(1,560)			(53,595)
Total Other Financing Sources (Uses)	(179,594)	233,485	15,887	-0-	69,778
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	11,443	12,770	(19,837)	7,667	12,043
Fund Balances - July 1	101,894	162,839	37,167	271,318	573,218
Fund Balances - June 30	\$ 113,337	\$ 175,609	\$ 17,330	\$ 278,985	\$ 585,261

The notes to the financial statements are an integral part of this statement.

STATE OF NEW HAMPSHIRE

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - NONGAAP BUDGETARY BASIS GENERAL AND SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 1997 (Expressed in Thousands)

	General			Special Revenue	
	Budget	Actual	Variance	Budget	Actual
REVENUES:					
General Property Taxes	\$ 358	\$ 566	\$ 208		
Special Taxes	534,738	557,247	22,509	\$ 52,178	\$ 49,491
Personal Taxes	46,990	50,421	3,431		
Business License Taxes	68,193	68,928	735	115,225	123,680
Non-Business License Taxes	4,930	4,848	(82)	50,515	54,405
Fees	52,825	56,240	3,415	25,016	25,744
Fines, Penalties and Interest	21,767	23,938	2,171	3,790	2,339
Grants from Federal Government	137,093	128,820	(8,273)	706,356	648,160
Grants from Private and Local Sources	22,878	18,781	(4,097)	87,508	87,459
Rents and Leases	5,148	5,200	52		
Interest, Premiums and Discounts	2,106	6,201	4,095	2,604	6,582
Sale of Commodities	6,144	11,111	4,967	534	434
Sale of Services	93,226	89,514	(3,712)	16,202	13,278
Assessments	19,722	17,254	(2,468)	1,764	1,456
Grants from Other Agencies	63,399	58,355	(5,044)	5,988	5,383
Miscellaneous	65,080	80,935	15,855	8,650	19,663
Total Revenues	1,144,597	1,178,359	33,762	1,076,330	1,038,074
EXPENDITURES:					
Current:					
General Government	157,808	149,752	8,056	43,083	30,690
Administration of Justice and Public Protection	186,814	170,400	16,414	39,911	30,573
Resource Protection and Development	61,592	53,948	7,644	106,024	50,552
Transportation	11,339	6,265	5,074	247,111	190,011
Health and Social Services	361,245	340,333	20,912	750,305	726,180
Education	212,962	199,091	13,871	112,523	87,457
Debt Service	69,134	69,134		6,327	6,327
Capital Outlay	11,507	11,507		113,984	113,984
Total Expenditures	1,072,401	1,000,430	71,971	1,419,268	1,235,774
Excess (Deficiency) of Revenues Over Expenditures	72,196	177,929	105,733	(342,938)	(197,700)
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	64,477	64,477		216,452	216,452
Operating Transfers Out	(216,060)	(216,060)		(1,706)	(1,706)
Miscellaneous	(1,682)	(1,682)		22	22
Total Other Financing Sources (Uses)	(153,265)	(153,265)		214,768	214,768
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(81,069)	24,664	105,733	(128,170)	17,068
Fund Balances - July 1	173,731	173,731		197,981	197,981
Fund Balances - June 30	\$ 92,662	\$ 198,395	\$ 105,733	\$ 69,811	\$ 215,049

The notes to the financial statements are an integral part of this statement.

TOTALS
(Memorandum Only)

Variance	Budget	Actual	Variance
	\$ 358	\$ 566	\$ 208
\$ (2,687)	586,916	606,738	19,822
	46,990	50,421	3,431
8,455	183,418	192,608	9,190
3,890	55,445	59,253	3,808
728	77,841	81,984	4,143
(1,451)	25,557	26,277	720
(58,196)	843,449	776,980	(66,469)
(49)	110,386	106,240	(4,146)
	5,148	5,200	52
3,978	4,710	12,783	8,073
(100)	6,678	11,545	4,867
(2,924)	109,428	102,792	(6,636)
(308)	21,486	18,710	(2,776)
(605)	69,387	63,738	(5,649)
11,013	73,730	100,598	26,868
(38,256)	2,220,927	2,216,433	(4,494)
12,393	200,891	180,442	20,449
9,338	226,725	200,973	25,752
55,472	167,616	104,500	63,116
57,100	258,450	196,276	62,174
24,125	1,111,550	1,066,513	45,037
25,066	325,485	286,548	38,937
	75,461	75,461	
	125,491	125,491	
183,494	2,491,669	2,236,204	255,465
145,238	(270,742)	(19,771)	250,971
	280,929	280,929	
	(217,766)	(217,766)	
	(1,660)	(1,660)	
	61,503	61,503	
145,238	(209,239)	41,732	250,971
	371,712	371,712	
\$ 145,238	\$ 162,473	\$ 413,444	\$ 250,971



STATE OF NEW HAMPSHIRE

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES PROPRIETARY FUND TYPE, SIMILAR TRUST FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS FOR THE FISCAL YEAR ENDED JUNE 30, 1997 (Expressed in Thousands)

	PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	Totals (Memorandum Only)	Component Units	Totals (Memorandum Only)
	Enterprise	Non- Expendable Trusts	Primary Government		Reporting Entity
OPERATING REVENUES:					
Charges for Sales and Services	\$ 469,027		\$ 469,027	\$ 8,387	\$ 477,414
Contributions		\$ 4,288	4,288		4,288
Interest/Earnings on Investments		460	460	1,046	1,506
Other		431	431	11	442
Total Operating Revenues	469,027	5,179	474,206	9,444	483,650
OPERATING EXPENSES:					
Cost of Sales and Services	277,279		277,279		277,279
Personnel Services	19,643		19,643	2,400	22,043
Supplies and Materials	1,055		1,055		1,055
Communication Services	404		404		404
Travel	152		152		152
Printing and Binding	1,676		1,676		1,676
Advertising	2,623		2,623	144	2,767
Commissions	12,638		12,638		12,638
Heat, Light and Power	1,568		1,568		1,568
Rent	1,730		1,730		1,730
Repairs	4,349		4,349		4,349
Payroll Benefits	5,925		5,925		5,925
Indirect Costs	1,353		1,353		1,353
Enforcement	3,039		3,039		3,039
Payments to Beneficiaries and Refunds		3,981	3,981		3,981
Miscellaneous	1,878	46	1,924	5,999	7,923
Depreciation	9,816		9,816	1,882	11,698
Total Operating Expenses	345,128	4,027	349,155	10,425	359,580
Operating Income (Loss)	123,899	1,152	125,051	(981)	124,070
NONOPERATING REVENUES (EXPENSES):					
Licenses	3,045		3,045		3,045
Beer Taxes	11,104		11,104		11,104
Interest Revenue	4,388		4,388	1,775	6,163
Miscellaneous	2,326		2,326	(760)	1,566
Interest on Bonds	(13,322)		(13,322)	(1,770)	(15,092)
Amortization of Bond Issuance Costs	(225)		(225)		(225)
Total Nonoperating Revenues (Expenses) .	7,316		7,316	(755)	6,561
Income (Loss) Before Operating Transfers .	131,215	1,152	132,367	(1,736)	130,631
OPERATING TRANSFERS:					
To General Fund	(117,704)		(117,704)		(117,704)
Net Operating Transfers	(117,704)		(117,704)		(117,704)
Net Income (Loss)	13,511	1,152	14,663	(1,736)	12,927
Add: Depreciation on Fixed Assets Acquired by Grants and Entitlements Externally Restricted for Capital Acquisitions and Construction that Reduces Contributed Capital	1,276		1,276	708	1,984
Increase (Decrease) in Retained Earnings/Fund Balances	14,787	1,152	15,939	(1,028)	14,911
Retained Earnings (Deficit)/Fund Balances - July 1	142,448	8,922	151,370	(2,066)	149,304
Retained Earnings (Deficit)/Fund Balances - June 30	\$ 157,235	\$ 10,074	\$ 167,309	\$ (3,094)	\$ 164,215

The notes to the financial statements are an integral part of this statement.

STATE OF NEW HAMPSHIRE
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE, NON-EXPENDABLE TRUST FUNDS
AND DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 1997
(Expressed in Thousands)

	PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	Totals (Memorandum Only)	Component Units	Totals (Memorandum Only)
	Enterprise	Non- Expendable Trusts	Primary Government		Reporting Entity
Cash Flows from Operating Activities:					
Operating Income (Loss)	\$ 123,899	\$ 1,152	\$ 125,051	\$ (981)	\$ 124,070
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation and Amortization	9,816		9,816	1,882	11,698
Reclassification of Interest Income		(460)	(460)		(460)
Change in Operating Assets and Liabilities:					
Decrease in Receivables	526		526	1,054	1,580
Increase in Inventories	(222)		(222)		(222)
Increase in Notes Receivable				(2)	(2)
Decrease in Other Assets				1	1
Increase (Decrease) in Accounts Payable and Other Accruals	(1,663)	38	(1,625)	(348)	(1,973)
(Decrease) Increase in Deferred Revenue	(130)		(130)	386	256
Contributions from Other Funds	68		68		68
Net Cash Provided by Operating Activities . . .	132,294	730	133,024	1,992	135,016
Cash Flows from Noncapital Financing Activities:					
Transfers to Other Funds	(112,992)		(112,992)		(112,992)
Proceeds from Collection of Licenses and Beer Tax	14,149		14,149		14,149
Proceeds from Loans with Primary Government . .				1,572	1,572
Interest Paid on Bonds				(1,770)	(1,770)
Principal Paid on Bonds				(500)	(500)
Net Cash Used for Noncapital Financing Activities	(98,843)		(98,843)	(698)	(99,541)
Cash Flows from Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets . .	(30,515)		(30,515)	(11,761)	(42,276)
Repayments to Tenant				(26)	(26)
Increase in Contributed Capital	1,862		1,862	6,888	8,750
Repayments to Primary Government				(955)	(955)
Proceeds from Loans with Primary Government . .				4,380	4,380
Equipment Lease Principal Payments				462	462
Interest Paid on Revenue and General Obligation Bonds	(15,776)		(15,776)		(15,776)
Principal Paid on Revenue and General Obligation Bonds	(9,426)		(9,426)		(9,426)
Net Cash Used for Capital and Related Financing Activities	(53,855)		(53,855)	(1,012)	(54,867)

Continued. . .

The notes to the financial statements are an integral part of this statement.

STATE OF NEW HAMPSHIRE

COMBINED STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUND TYPE, NON-EXPENDABLE TRUST FUNDS
AND DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 1997
(Expressed in Thousands)

	PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	Totals (Memorandum Only)	Component Units	Totals (Memorandum Only)
	Enterprise	Non- Expendable Trusts	Primary Government		Reporting Entity
Cash Flows from Investing Activities:					
Purchase of Investments	(12,470)	(5,413)	(17,883)		(17,883)
Proceeds from Maturities of Investments	25,787	4,355	30,142	2,759	32,901
Interest and Other Income	7,123	460	7,583	1,775	9,358
Net Cash Provided By (Used for)					
Investing Activities	20,440	(598)	19,842	4,534	24,376
Net Increase in Cash					
and Cash Equivalents	36	132	168	4,816	4,984
Cash and Cash Equivalents - July 1	45,011	1,286	46,297	9,673	55,970
Cash and Cash Equivalents - June 30	\$ 45,047	\$ 1,418	\$ 46,465	\$ 14,489	\$ 60,954

Reconciliation of Cash and Cash Equivalents to the Combined Balance Sheet:

Cash and Cash Equivalents for the Nonexpendable Trust Funds and the Component Units as of June 30, 1997, on the Combined Statement of Cash Flows is reconciled to the Cash and Cash Equivalents on the Combined Balance Sheet as follows:

Cash and Cash Equivalents June 30, 1997:
(Expressed in Thousands)

Fiduciary Funds:	
Nonexpendable Trust Funds	\$ 1,418
Expendable Trust Funds	513
Agency Funds	6,337
Total Fiduciary Funds	\$ 8,268
Component Units:	
College and University Funds	\$ 56,907
Pension Trust Funds	482,621
Proprietary Funds	14,489
Total Component Units	\$ 554,017

STATE OF NEW HAMPSHIRE
COMBINED STATEMENT OF CHANGES IN FUND BALANCES
COMPONENT UNITS - COLLEGE AND UNIVERSITY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1997
(Expressed in Thousands)

	Current Funds		Loan Funds
	Unrestricted	Restricted	
REVENUES AND OTHER ADDITIONS:			
Unrestricted Current Funds Revenues	\$ 266,441		
Federal Appropriations - Restricted		\$ 4,175	
Government Grants and Contracts - Restricted		41,317	\$ 235
Private Gifts and Grants - Restricted		13,573	
Endowment Income - Other than Unrestricted		1,292	2
Investment Income		215	47
Gain (Loss) on Investments			
Interest on Loans Receivable			439
Current Funds Equipment Expenditures			
Other Additions, Net			18
Total Revenues and Other Additions	266,441	60,572	741
EXPENDITURES AND OTHER DEDUCTIONS:			
Current Funds Expenditures	300,415	62,070	
Administrative and Collection Costs			243
Noncapitalized Plant Expenditures			
Interest on Debt			
Depreciation Expense			
Other Deductions, Net			180
Total Expenditures and Other Deductions	300,415	62,070	423
TRANSFERS AMONG FUNDS, NET:			
Mandatory Transfers	(11,159)		85
Nonmandatory Transfers:			
Among Current Funds	(41)	41	
To/(From) Endowment and Similar Funds	(125)	2,268	
To/(From) Plant Funds	(17,054)	(506)	
Total Transfers Among Funds, Net	(28,379)	1,803	85
Operating Transfers From Primary Government	63,750		
Net Increase in Fund Balances	1,397	305	403
Fund Balances - July 1	7,634	10,719	20,622
Fund Balances - June 30	\$ 9,031	\$ 11,024	\$ 21,025

The notes to the financial statements are an integral part of this statement.

Endowment and Similar Funds	Plant Funds	Totals
		\$ 266,441
		4,175
	\$ 972	42,524
\$ 7,137	201	20,911
1,161		2,455
211	60	533
15,310		15,310
		439
	7,068	7,068
	356	374
23,819	8,657	360,230
		362,485
1,405	193	1,841
	1,460	1,460
	6,951	6,951
	22,708	22,708
70		250
1,475	31,312	395,695
	11,074	
(2,753)	610	
	17,560	
(2,753)	29,244	
	14,467	78,217
19,591	21,056	42,752
87,786	212,606	339,367
\$ 107,377	\$ 233,662	\$ 382,119

STATE OF NEW HAMPSHIRE

COMBINED STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES

COMPONENT UNITS - COLLEGE AND UNIVERSITY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(Expressed in Thousands)

	Unrestricted	Restricted	Totals
REVENUES:			
Educational and General:			
Tuition and Fees	\$ 149,756		\$ 149,756
Federal Appropriations		\$ 4,404	4,404
Government Grants and Contracts	8,172	41,064	49,236
Private Grants and Contracts	91	11,294	11,385
Private Gifts	4,328	3,454	7,782
Endowment Income	845	1,761	2,606
Investment Income	6,029	93	6,122
Sales and Services of Educational Activities	6,951		6,951
Other Sources	3,630		3,630
Total Educational and General	179,802	62,070	241,872
Auxiliary Enterprises	86,639		86,639
Total Revenues	266,441	62,070	328,511
EXPENDITURES AND MANDATORY TRANSFERS:			
Educational and General:			
Instruction	101,242	391	101,633
Research and Sponsored Programs	9,485	40,551	50,036
Public Services	11,469	3,829	15,298
Academic Support	23,653	1,225	24,878
Student Services	16,238	462	16,700
Institutional Support	27,270	157	27,427
Operation and Maintenance of Plant	16,633	15	16,648
Student Financial Aid	25,154	15,440	40,594
Educational and General Expenditures	231,144	62,070	293,214
Mandatory Transfers for:			
Principal and Interest	447		447
Loan Fund Matching Grants	85		85
Total Educational and General	231,676	62,070	293,746
Auxiliary Enterprises:			
Expenditures	69,271		69,271
Mandatory Transfers for Principal and Interest	10,627		10,627
Total Auxiliary Enterprises	79,898		79,898
Total Expenditures and Mandatory Transfers	311,574	62,070	373,644
OTHER CHANGES:			
Excess of Restricted Receipts Over Revenues Utilized		(1,498)	(1,498)
Nonmandatory Transfers	(17,220)	1,803	(15,417)
Operating Transfers from Primary Government	63,750		63,750
Net Increase in Fund Balances	\$ 1,397	\$ 305	\$ 1,702

The notes to the financial statements are an integral part of this statement.

STATE OF NEW HAMPSHIRE
COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS
COMPONENT UNITS - PENSION TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1997
(Expressed in Thousands)

	Pension Plan	Post Retirement Medical Plan	Total Plan
ADDITIONS:			
Contributions:			
Employer Normal and Accrued Liability	\$ 35,439	\$ 1,636	\$ 37,075
State Contributions on Behalf of Local Employers	8,439	637	9,076
Total Employer Contributions	43,878	2,273	46,151
Plan Member	73,669		73,669
Post Retirement Medical Plan Contributions on Behalf of Employers	2,273		2,273
Total Contributions	119,820	2,273	122,093
Investment Income:			
Net Appreciation in Fair Value of Investments	415,992	15,799	431,791
Interest	50,742	1,927	52,669
Dividends	25,146	955	26,101
Timberfund Income	(1,891)	(72)	(1,963)
Alternative Investment Income	1,983	75	2,058
Commercial Real Estate Operating Income	27,125	1,030	28,155
Security Lending Income	23,259	883	24,142
Gross Investment Income	542,356	20,597	562,953
Less: Investment Expenses:			
Security Lending Borrower Rebates	21,479	816	22,295
Investment Manager Fees	15,288	581	15,869
Commercial Real Estate Operating Expense	11,754	446	12,200
Custodial Fees	929	35	964
Security Lending Management Fees	534	20	554
Consulting Fees	267	10	277
Other	(246)	(9)	(255)
Total Investment Expenses	50,005	1,899	51,904
Net Investment Income	492,351	18,698	511,049
Administrative Assessment	3,123	119	3,242
Other	251	10	261
Total Additions	615,545	21,100	636,645
DEDUCTIONS:			
Benefits	126,512	4,013	130,525
Refunds of Contributions	15,603		15,603
Administrative Expense	3,450	131	3,581
Post Retirement Medical Plan Contributions to Pension Plan on Behalf of Employers		2,273	2,273
Transfer to Non-Governmental Plans	839		839
Actuarial Expense	235	9	244
Other	378	14	392
Total Deductions	147,017	6,440	153,457
Net Increase	468,528	14,660	483,188
NET ASSETS HELD IN TRUST FOR BENEFITS:			
Beginning of the Year	2,707,629	104,672	2,812,301
End of the Year	\$ 3,176,157	\$ 119,332	\$ 3,295,489
The notes to the financial statements are an integral part of this statement.			



Notes to the Financial Statements

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STATE OF NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying general-purpose financial statements of the State of New Hampshire (the State) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. FINANCIAL REPORTING ENTITY

For financial reporting purposes, the State has included all funds, organizations, account groups, agencies, boards, commissions and authorities and has considered all potential component units for which the State is financially accountable, and other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. Governmental Accounting Standards Board (GASB) Statement No. 14 has set forth criteria to be considered in determining financial accountability. This criteria includes whether the State, as the primary government, has appointed a voting majority of an organization's governing body and (1) has the ability to impose its will on that organization or (2) there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State. Financial accountability also exists if an organization is determined to be fiscally dependent on the primary government based on GASB Statement No. 14 criteria, although the primary government does not appoint a voting majority of the organization's governing board.

Once financial accountability has been determined for a potential component unit, that component unit is either blended into the primary government or discretely presented from the primary government. Potential component units which do not meet the financial accountability criteria, but where a voting majority of the governing board is appointed by the State are deemed to be "related organizations" under GASB Statement No. 14. The nature and relationship of the State's component units and related organizations are disclosed in the following section.

Discrete Component Units:

These component units are entities which are legally separate from the State, but for which the State is financially accountable for financial reporting purposes, or whose relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. The component units column of the combined financial statements includes the financial data of these entities. Complete audited financial statements of the individual component units can be obtained from the respective entities.

Business Finance Authority of the State of New Hampshire (Proprietary Fund Type) - The Business Finance Authority (BFA) is a body corporate and politic with a governing board of fourteen members. Nine members are appointed by the Governor with the consent of the Executive Council, two are State Representatives, two are State Senators, and the State Treasurer serves ex officio. The State currently guarantees \$78.1 million of outstanding loans and principal on bonds of the BFA as of June 30, 1997, which creates the potential for the BFA to impose a financial burden on the State.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. FINANCIAL REPORTING ENTITY (Continued)

Discrete Component Units (Continued):

The Community Development Finance Authority (Proprietary Fund Type) - The Community Development Finance Authority (CDFA) is a body corporate and politic and organized as a nonprofit corporation under RSA 292. The governing board of eleven is made up of the Commissioner of the Department of Resources and Economic Development or designee and ten public members appointed by the Governor and Executive Council as follows: four representatives of community development corporations or other nonprofit organizations engaged in community development activities, one representative of organized labor, two representatives of small business and the financial community, one representative of employment training programs, and two representatives of private financial institutions. An investment tax credit equal to 75 percent of the contribution made to the CDFA during the contributor's tax year is allowed against certain taxes imposed by the State. In accordance with RSA 162-L:8, the total credits allowed shall not exceed \$1.5 million in any state fiscal year through June 30, 1999. Under GASB Statement No. 14 criteria, these credits impose a financial burden on the State. The CDFA has a fiscal year end of December 31, 1996.

New Hampshire Retirement System (Pension Trust Fund) - The New Hampshire Retirement System (System) is a contributory pension plan and trust qualified as a tax exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. It is a defined benefit plan providing disability, death and retirement protection to its members which include full-time employees of the State and substantially all school teachers, firefighters and police officers within the State. Full-time employees of political subdivisions can participate if their governing body elects to participate.

The System is administered by a thirteen member Board of Trustees on which the State does not represent a voting majority. The Board is fiduciarily responsible for the trust funds assets and directs the investment of the pension assets, reviews actuarial assumptions and valuations from which the employer contributions rates are certified by the Board, and generally supervises the operations of the System.

The System is deemed to be fiscally dependent on the State under GASB Statement No. 14 criteria as the employee member contribution rates are set through state statute, and the State has budget approval authority over the administrative costs of the System.

Pease Development Authority (Proprietary Fund Type) - The Pease Development Authority (PDA) is a body corporate and politic with a governing body of seven members. Four members are appointed by the State and three members are appointed by the City of Portsmouth and the Town of Newington. The State has loaned the PDA \$13.4 million for operating purposes, \$5.4 million for water pollution control and \$5.0 million for matching funds relative to federal grants, issued \$28.1 million of bonds on behalf of the PDA and has awarded the State's guarantee on \$0.7 million in bonds issued by the PDA.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discrete Component Units (Continued):

University System of New Hampshire (College and University Fund) - The University System of New Hampshire (University System) is a body corporate and politic with a governing board of twenty-five members. A voting majority is represented by the State through the eleven members appointed by the Governor and Executive Council of the State and three state officials serving as required by law. These state officials are the Governor, the Commissioner of the Department of Education and Commissioner of the Department of Agriculture. The remaining board members represent the university and the various colleges of the system, the alumni and the student body. The University System funds its operations through tuition and fees, government grants and contracts, auxiliary operations and state appropriations. These state appropriations for operations and capital projects represented 17.8% of the total University System's revenue for fiscal year 1997.

Related Organizations:

The State is responsible for appointing voting members to the governing boards of the following legally separate organizations, but the State's financial accountability for these organizations does not extend beyond making the appointments. Therefore, the financial data of these entities are excluded from the state's financial statements.

Maine - New Hampshire Interstate Bridge Authority - The Maine - New Hampshire Interstate Bridge Authority (Authority) was created by the Acts of the Maine Legislature and the New Hampshire Legislature in 1936-1937. The Authority is a jointly governed board which directs the long-term operation of the bridge spanning the Piscataqua River between the two states. The Commissioner of the New Hampshire Department of Transportation and two other board members appointed by the Governor and Executive Council comprise three of the six member governing board of the Authority. A trust fund established from toll revenues collected through July 1972 funds the maintenance of the bridge.

New Hampshire Higher Education and Health Facilities Authority - The New Hampshire Higher Education and Health Facilities Authority (Authority) is a body corporate and politic created by Chapter 195 of the State's statutes. The purpose of the Authority is essentially to provide not-for-profit hospitals, nursing homes, institutions for higher education and other similar organizations as defined in the enacting legislation with an additional method for financing buildings, equipment and student loan programs. The seven members of the Authority's governing board are appointed by the Governor and Executive Council. The bonds issued by the Authority are the liability of the Authority. The State is not liable or contingently liable for the debt of the Authority. The operations of the Authority are funded by fees charged for services provided.

New Hampshire Housing Finance Authority - The New Hampshire Housing Finance Authority (Authority) is a body corporate and politic created by Chapter 204 of the State's statutes. The purpose of the Authority is to stimulate the construction and rehabilitation of housing for low and moderate income families in New Hampshire. The governing board of the Authority is comprised of nine members appointed by the Governor and Executive Council. The bonds issued by the Authority are the liability of the Authority. The State is not liable or contingently liable for the debt of the Authority. The operations of the Authority are funded by fees charged for services provided.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related Organizations (Continued):

New Hampshire Municipal Bond Bank - The New Hampshire Municipal Bond Bank (Bond Bank) is a body corporate and politic created by Chapter 35-A of the State's statutes. The Bond Bank enables governmental units within the State (e.g. counties, towns, school districts, etc.) to issue debt at a lower cost of borrowing and on more favorable terms than would be possible by financing on their own. The governing board of the Bond Bank consists of the State Treasurer and four other members appointed by the Governor and Executive Council. The bonds issued by the Bond Bank are the liability of the Bond Bank. The State is not liable or contingently liable for the debt of the Bond Bank. The operations of the Bond Bank are funded by investment earnings and fees.

B. BASIS OF PRESENTATION - FUND ACCOUNTING

The accompanying financial statements of the State's primary government are presented in three classifications of funds and two account groups. The fund classifications include governmental, proprietary and fiduciary funds. Account groups are presented for general fixed assets and general long-term debt. Each fund type is divided into separate funds.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to report financial position and the results of operations, to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Governmental Fund Types

General Fund:

The General Fund accounts for all financial transactions not accounted for in any other fund. By law, all revenues received by any department or agency of the State, other than the New Hampshire College of Agriculture and Mechanical Arts, the University System of New Hampshire, the Post Secondary Technical Education building projects revolving fund and revenues received by certain independent financing authorities of the State, are deposited at least weekly into the State Treasury. All such revenues, other than the designated revenues described below, are credited to the General Fund. Annual expenditures for all State activities and functions not allocated by law to other funds are charged to the General Fund.

Special Revenue Funds:

The Special Revenue Funds (Highway Fund, Fish and Game Fund and the Special Fund) are used to account for specific revenue sources that are legally restricted to expenditures for specific purposes. Special Revenue Funds include transactions related to highway maintenance and construction, conservation of natural resources, public health services and social service programs.

Capital Projects Fund:

The Capital Projects Fund is used to account for certain capital improvement appropriations which are or will be primarily funded by the issuance of State bonds or notes, other than bonds and notes for highway or turnpike purposes, or by the application of certain federal matching grants.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION - FUND ACCOUNTING (Continued)

Proprietary Fund Type

Enterprise Funds:

The State's Enterprise Funds were established to account for the self-supporting activities of State governmental units which render services on a user-charge basis to the general public. These funds account for the activities of the Turnpike System, Liquor Commission, and Sweepstakes Commission.

Fiduciary Fund Type

Trust and Agency Funds:

Transactions related to assets held by the State in a trustee or agency capacity are accounted for in the fiduciary fund type. The fiduciary fund type is comprised of expendable trust funds, non-expendable trust funds, and agency funds. The non-expendable trust funds account for assets received and expended by the State as trustee. The principal of the funds is non-expendable, whereas the earnings on the principal are used to support the funds' purpose. Agency funds account for assets received by the State as an agent for other governmental units, other organizations, or individuals.

Account Groups

General Fixed Assets:

The General Fixed Asset Account Group is used to account for the fixed assets of the governmental funds. Fixed assets of the proprietary funds and the discretely presented component units are accounted for in their respective funds.

General Long-Term Debt:

Activities related to governmental funds unmatured long-term general obligation bonds payable and the cumulative long-term liability for compensated absences and uninsured claims are reflected in the General Long-Term Debt Account Group.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using the flow of current financial resources measurement focus and reported on a modified accrual basis of accounting. With this measurement focus, unreserved fund balance generally reflects net current assets. Operating statements of these funds present increases (e.g. revenues and other financing sources) and decreases (e.g. expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues and assets are recognized when measurable and available to finance expenditures of the fiscal period. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures and liabilities are recognized as obligations when incurred as a result of a receipt of goods or services, except that interest on long-term debt is recognized as an expenditure when it becomes payable.

Agency Funds are also accounted for on the modified accrual basis of accounting, but do not recognize revenues and expenditures.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

All proprietary and non-expendable trust funds are accounted for on a flow of economic resources measurement focus and reported on an accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund equity (e.g. net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred. For all proprietary funds, the State applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The presentation of the underlying fund types and basis of presentation of the individual component units reported in the discrete column is available from each respective component unit's separately issued financial statements.

The presentation of the component units is not meant to be a consolidation within the State reporting entity as transactions within the entity such as fixed assets and long-term debt have not been reported in the applicable State account group. However, appropriations to the component units are recorded as operating transfers out of the General and Capital Funds and as operating transfers into the component unit organization.

D. CASH EQUIVALENTS

For the purposes of the Statement of Cash Flows, cash equivalents represent short term investments with original maturities less than three months from the date acquired by the State.

E. RECEIVABLES

Receivables in the governmental fund types consist primarily of accrued taxes and federal grants receivables. Taxes receivable are primarily taxpayer-assessed revenues representing amounts owed by the taxpayer for the period ended June 30 which are received by the State shortly thereafter. These revenues are susceptible to accrual in accordance with measurable and available criteria under the modified accrual basis of accounting. Federal grant receivables are amounts due from the federal government to reimburse the State for expenditures incurred pursuant to federally funded programs.

No allowance for uncollectible amounts has been established for receivables in the governmental funds. Taxes receivable are substantially based on subsequent collections and the collection of amounts due from the federal government are reasonably assured under federal programs.

F. INVENTORIES

Inventories for materials and supplies are determined by physical count. The Sweepstakes game tickets are stated at the lower of cost (first-in, first-out method) or market. All other inventories in the governmental and proprietary funds are stated at average cost, except for Food Stamp coupons which are valued at the coupon face value for amounts held by the State or its agents at year end.

Governmental Fund inventories are recorded under the consumption method with the exception of the Food Stamp coupons. Reported inventory balances in the governmental funds are equally offset by a fund balance reserve that indicates they do not constitute "available spendable resources" even though they are part of net current assets. The Food Stamp inventory balance is offset by a corresponding amount of deferred revenue.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. RESTRICTED ASSETS

Chapter 122 of the Laws of 1994 established the Health Care Transition Fund (HCTF). The restricted investments and receivables in the General Fund are the assets restricted for the HCTF purpose (see item L. Fund Equity).

The proceeds of Turnpike System 1987, 1990 and 1994 revenue bond series and 1991 and 1992 revenue bond refunding series, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by the bond resolution adopted by the Legislature on November 9, 1987.

H. FIXED ASSETS

Fixed Assets - Governmental Funds:

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Assets Account Group. For financial reporting purposes, the State capitalizes equipment with costs of \$10,000 or greater and land, land improvements, building, building improvements and construction in progress with costs of \$100,000 or greater. All purchased fixed assets are recorded at historical cost and in some instances at an estimated historical cost. Donated fixed assets are recorded at their estimated fair market value on the date received. Interest costs incurred during construction are not capitalized. Public domain ("infrastructure") General Fixed Assets consisting of roads, bridges, dams, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the State. Assets in the General Fixed Assets Account Group are not depreciated.

Fixed Assets - Enterprise:

Fixed assets related to the Enterprise Funds are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Depreciation is computed using the straight-line method over the fixed assets' estimated useful lives which are as follows: Infrastructure - 50 years; Buildings - 20 to 40 years; Land Improvements - 20 years; Building Improvements - term of lease; and Equipment - 3 to 10 years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related fixed asset, as applicable.

Fixed assets purchased or constructed by other funding sources are recorded at cost and offset by an increase to "Contributions from Other Funds" or "Contributed Capital, (Net of Amortization)".

I. DEFERRED REVENUE

Deferred revenue represents monies received or revenues accrued which have not been earned or do not meet the "available" criterion for revenue recognition under the modified accrual basis of accounting. The deferred revenue in the governmental fund type has primarily resulted as an offset to long-term loans receivable and federal funds received in advance of eligible expenditures.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. COMPENSATED ABSENCES

Every continuing full-time State employee in classified service is entitled to annual and sick leave with full pay on the basis of the employee's scheduled work week and years of service. Annual and sick leave is computed at the end of each completed month of service. Employees rendering seasonal or temporary service in excess of six months are entitled to annual and sick leave at the same rate for time actually worked. At the end of each fiscal year, additional leave (Bonus Days) is awarded based on the amount of sick leave taken during the year. The maximum annual accrual for bonus days is four days. Accrued compensatory time, earned for overtime worked, must be taken within one year from the date the time is earned.

The State's compensated absences liability represents the total liability for the cumulative balance of employees' annual, bonus, compensatory and sick leave based on years of service rendered. The accrued liability for annual leave does not exceed the maximum cumulative balance allowed which ranges from 30 to 48 days based on years of service. Compensatory leave liability is the amount of unused compensatory hours earned in the past year. Bonus hours accrued subsequent to June 30, 1995, must be used within one year of the date earned. The cumulative balance of unused bonus hours earned prior to June 30, 1995, can be carried forward to future periods. The sick leave liability is estimated based on the years of service rendered by the employee using a termination methodology in accordance with Governmental Accounting Standards Board Statement No. 16.

K. ENCUMBRANCES

Contracts and purchasing commitments are recorded as encumbrances when the contract or purchase order is executed. Upon receipt of goods or services the encumbrance is liquidated and the expenditure and liability are recorded. Unliquidated encumbrances are reported in the Reserved for Encumbrances account as a component of fund equity for the governmental fund types.

L. FUND EQUITY

Contributed capital is recorded in the proprietary funds that have received capital grants, contributions from the public or working capital transfers from other funds.

Fund balances for all governmental funds are either reserved or unreserved. Reserved fund balances reflect either 1) assets which, by their nature, are not available for appropriations (Reserve for Inventories and Reserve for Investments) or 2) funds legally segregated for a specific future use (Reserve for Encumbrances). Certain reserve accounts are further described below:

Reserved for Unexpended Appropriations: The account represents amounts of unexpended appropriations legally carried forward and available for encumbrances and expenditures in the succeeding year.

Reserved for Revenue Stabilization: Per RSA 9:13-e, a revenue stabilization account was established in the General Fund. The Reserved for Revenue Stabilization account cannot be used for any purpose other than deficit reduction without specific approval of two-thirds of each house of the Legislature and the Governor. At the close of each fiscal biennium, any General Fund undesignated fund balance will be transferred to the Reserved for Revenue Stabilization account. RSA 9:13 establishes limits to the amount that can be transferred in and establishes the maximum balance that may accumulate in the account equal to 5% of the General Fund unrestricted revenue.

In the event of a General Fund undesignated fund balance deficit at the close of a fiscal biennium, a transfer from the Reserved for Revenue Stabilization account may be made only if the General Fund's unrestricted revenues are less than budgeted. The amount of the transfer is limited to the smaller of the General Fund undesignated fund balance deficit or the unrestricted revenue shortfall.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. FUND EQUITY (Continued)

Reserved for Health Care Transition Fund: RSA 167 established the Health Care Transition Fund. The purpose of the fund is to provide financial resources for future changes in the State's health care system which will increase the access to quality health care for the citizens of New Hampshire. In 1994, a portion of net medicaid enhancement revenues received as a result of an amendment to the State's Medicaid Plan relative to the New Hampshire Hospital disproportionate share revenues were set aside to establish the initial fund balance.

Subsequent legislation provides for transfers from the Health Care Transition Fund to cover General Fund undesignated fund balance deficits due to 1) a shortfall in net medicaid enhancement revenues in fiscal years 1995 through 1997 and 2) a shortfall in revenue recoupment efforts anticipated under a consulting contract entered into by the Department of Health and Human Services in fiscal years 1997 through 1999. Both transfers are limited to the smaller of the General Fund undesignated fund balance deficit or the calculated revenue shortfall.

In the event that net medicaid enhancement revenues exceed amounts budgeted in 1995 or any subsequent fiscal year, the excess shall be transferred back to Health Care Transition Fund. The amount transferred to the Health Care Transition Fund shall not exceed the cumulative amount transferred from the fund.

All transfers to or from the Health Care Transition Fund require the prior approval of the Legislative Fiscal Committee.

M. GRANTS

Certain federal grants made on an advance drawdown basis, are recorded as deferred revenue when received and revenue when the expenditures are incurred. Other federal grants made on a reimbursement basis are recorded as receivables and revenues when the related expenditures are incurred.

N. CAPITAL OUTLAY

This expenditure category represents equipment purchases for all funds. In addition to equipment purchases, the Highway Fund's capital outlays represent expenditures for the 10-year State highway construction program.

O. BOND DISCOUNTS, PREMIUMS AND ISSUANCE COSTS

In governmental fund types, bond discounts, premiums and issuance costs are recognized in the period the bond proceeds are received. Bond discounts and issuance costs for the proprietary fund type are deferred and amortized over the term of the bonds. Bond discounts are amortized using the effective interest method, and bond issuance costs are amortized using the straight line method. Bond discounts are presented as a reduction of the face amount of bonds payable whereas issuance costs are recorded as deferred charges.

P. INTERFUND AND INTRAENTITY TRANSACTIONS

The State accounts for interfund and intraentity transactions as described below:

Operating Transfers - Legally required transfers are reported when incurred as "Operating Transfers-in" by the receiving fund and as "Operating Transfers-out" by the disbursing fund. Legally required transfers between the primary government and its component units are reported as "Operating Transfers from/to Primary Government" and "Operating Transfers to/from Component Units."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. INTERFUND AND INTRAENTITY TRANSACTIONS (Continued)

Reimbursements - Various departments charge fees on a user basis for such services as centralized data processing, accounting and auditing, purchasing, personnel and maintenance. These fees are not considered material and are recorded as revenue by the servicing department and as expenditures by the user department. Other material reimbursement items, however, initially made from one fund properly applicable to another are recorded as expenditures in the reimbursing fund and as expenditure reductions in the fund reimbursed.

Quasi-external Transactions - Charges or collections for services rendered by one fund to another are recorded as revenues of the receiving fund and expenditures/expenses of the disbursing fund.

Q. CAPITAL PROJECTS

The State records the resources obtained and used for the acquisition, construction or improvement of certain capital facilities in the Highway Fund and the Capital Projects Fund. Encumbrances are recorded when contracts are executed. Expenditures are recorded, and encumbrances are liquidated, as incurred.

Resources obtained to finance capital projects include federal grants and general obligation bonds. General obligation bonds are recorded as a liability in the General Long-Term Debt Account Group, and as other financing sources in the funds that receive the proceeds.

R. INTERPRETATION OF "TOTALS (MEMORANDUM ONLY)" COLUMN

Totals (memorandum only) columns have been added to certain statements for the primary government and the reporting entity. The total columns include interfund activity and are not comparable to consolidated financial statements, but are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. The primary government includes all funds, organizations, account groups, agencies, boards, commissions and authorities that are not legally separate from the State. The reporting entity includes the primary government and its discretely presented component units.

S. BUDGET CONTROL AND REPORTING

The statutes of the State of New Hampshire require the Governor to submit a biennial budget to the Legislature. This budget, which includes annual budgets for each year of the biennium, consists of three parts: Part I is the Governor's program for meeting all expenditure needs as well as estimating revenues to be received. There is no constitutional or statutory requirement that the Governor propose or the Legislature adopt a budget that does not resort to borrowing. Part II is a detailed breakdown of the budget at the department level for appropriations to meet the expenditure needs of the government. Part III consists of draft appropriation bills for the appropriations made in the proposed budget.

The operating budget is prepared principally on a modified cash basis and adopted for the governmental and proprietary fund types with the exception of the Capital Projects Fund. The Capital Projects Fund budget represents individual projects which extend over several fiscal years. Since the Capital Projects Fund is comprised of appropriations for multi-year projects, it is not included in the budget and actual comparison statement. The Fiduciary Fund Type is not budgeted.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. BUDGET CONTROL AND REPORTING (Continued)

In addition to the enacted biennial operating budget, the Governor may submit supplemental budget requests necessary to meet expenditures during the current biennium. During fiscal year 1997, there were no supplemental budget requests.

The legal level of budgetary control is at the departmental level. All departments are authorized to transfer appropriations within their departments with prior approval of the Legislative Fiscal Committee and the Governor and Council. The State of New Hampshire issues a separate Supplemental Budgetary Financial Data to the Comprehensive Annual Financial Report to illustrate legal level of budgetary compliance.

Additional fiscal control procedures are maintained by both the executive and legislative branches of government. The Executive Branch, represented by the Commissioner of the Department of Administrative Services, is directed to continually monitor the State's financial operations, needs, and resources, and to maintain an integrated financial accounting system. The Legislative Branch, represented by the Fiscal Committee, the Joint Legislative Capital Budget Overview Committee, and the Office of the Legislative Budget Assistant, monitors compliance with the budget and the effectiveness of budgeted programs.

Unexpended balances of appropriation at year end will lapse to undesignated fund balance and be available for future appropriations unless they have been encumbered or legally defined as non-lapsing which means the balances are reported as reservation of fund balance. Capital Projects Fund appropriations are scheduled to lapse two years from date appropriated unless extended or designated as non-lapsing by law.

NOTE 2 - RECONCILIATION OF FUND EQUITY - BUDGETARY TO GAAP

The following schedule reconciles fund equity of the various funds of the primary government at June 30, 1997, for differences between the budgetary accounting methods and generally accepted accounting principles (GAAP) (expressed in thousands):

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Capital Projects Fund	Enterprise Funds	Trust and Agency	
Fund Equity at June 30, 1997 (Budgetary)	\$ 198,395	\$ 215,049	\$ 97,124	\$ 221,890	\$ 289,059	\$ 1,021,517
Adjustments and Reclassifications:						
Receivables	3,399	78,120	1,997			83,516
Accounts Payable and Accrued Liabilities	(56,070)	(127,722)	(6,633)	(5,710)		(196,135)
Transfer from General Fund to Liquor	(3,180)			3,180		
Transfer from General Fund to Special	(29,207)	29,207				
Elimination of Bonds Authorized		(19,045)	(75,158)			(94,203)
Fund Equity at June 30, 1997 (GAAP)	<u>\$ 113,337</u>	<u>\$ 175,609</u>	<u>\$ 17,330</u>	<u>\$ 219,360</u>	<u>\$ 289,059</u>	<u>\$ 814,695</u>

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

PRIMARY GOVERNMENT

The State pools cash and investments, except for separate cash and investment accounts which are maintained in accordance with legal restrictions. Each fund's equity share of the total pooled cash and investments and restricted assets are included on the accompanying balance sheets under the captions "Cash and Cash Equivalents" and "Investments".

Deposits:

The following statutory requirements and Treasury Department policies have been adopted to minimize risk associated with deposits.

New Hampshire Revised Statutes Annotated (RSA) Chapter 6:7 as amended (1987) establishes the policy the State Treasurer must adhere to when depositing public monies. The statute restricts deposits to certain types of banking institutions and limits the amounts that may be on deposit with a particular bank at any one time. In addition, all depositories used by the State must be approved, at least annually, by the Governor and Executive Council.

RSA Chapter 6-B:2 as amended (1985) requires the State Treasurer to submit quarterly financial reports detailing depository activity to the Governor and Executive Council, the Commissioner of Administrative Services and the Legislative Fiscal Committee.

The Treasury Department examines the financial condition of its depositories quarterly. The State Treasurer is not required to collateralize bank deposits. However, during fiscal year 1997, the Treasury Department collateralized deposits at two of its major depositories.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Deposits (Continued):

Deposits are classified as to custody risk by the three categories described below:

- Category 1 Fully insured or collateralized with securities held by the State or its agent in the State's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the State's name.
- Category 3 Uncollateralized.

At June 30, 1997 the State's deposit accounts, listed by custody risk category, are shown in the following schedule. The total bank balance represents the total amounts on deposit as reported by the banks. The carrying amount represents the balances per the State's records. The principal difference in demand deposits is outstanding checks which have not cleared the bank as of June 30, 1997. (Expressed in thousands)

	Categories			Total Bank Balance	Carrying Amount
	1	2	3		
Pooled Deposits:					
Demand Deposits (Interest Bearing) ..	\$ 415	\$ 5,102	\$ 141,102	\$ 146,619	\$ 96,460
Money Market Accounts.....			94	94	94
Savings Accounts	3		2,943	2,946	2,946
Total Deposits	<u>\$ 418</u>	<u>\$ 5,102</u>	<u>\$ 144,139</u>	<u>\$ 149,659</u>	<u>\$ 99,500</u>

Investments:

The following statutory requirements and Treasury Department policies have been adopted to ensure reasonable rates of return on investments while minimizing risk factors.

RSA Chapter 6:8 sets the policy the State Treasurer must adhere to when investing State funds. With the approval of the Governor and Executive Council, the State Treasurer must invest in obligations of the United States Government, in obligations which are legal investments for savings banks and trust companies, in all types of savings accounts, in participation units in the public deposit investment pool established pursuant to RSA 383:22, in certificates of deposit of state or federally chartered banking institutions within New Hampshire, or in certificates of deposit of national banks within the Commonwealth of Massachusetts.

The financial condition of each bank in which or through which investments are made, are evaluated by the Treasury Department on a quarterly basis. Banks through which repurchase agreements are written maintain their collateral in an investment book entry account with the Federal Reserve. That collateral is not separate from the banks' assets. However, securities used for collateral are segregated from the bank's investment account and are kept free of liens, charges or claims of third parties. Repurchase agreements represent 0.6% of the State's investment portfolio at June 30, 1997. The State Treasurer is prohibited by statute from entering into reverse repurchase agreements.

Some United States Government Obligations are classified as cash and cash equivalents on the balance sheet because their original maturities are less than three months. For purposes of the notes to the financial statements, United States Government Obligations are categorized as investments in accordance with GASB Statement No. 3.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments (Continued):

In accordance with GASB Statement No. 3, investments are classified as to custody risk by the three categories described below (expressed in thousands):

- Category 1 Insured or registered in the State's name, or securities held by the State or its agent in the State's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the State's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the State's name.

	Categories			Carrying Amount	Fair Value
	1	2	3		
Pooled Investments:					
Stocks and Bonds	\$ 3,627		\$ 6,692	\$ 10,319	\$ 12,084
Repurchase Agreements			79	79	79
United States Government Obligations ...	49,347		48,577	97,924	98,258
Subtotal	52,974	\$ -0-	55,348	108,322	110,421
Restricted Investments:					
Repurchase Agreements	5,000			5,000	5,000
United States Government Obligations ...	81,572			81,572	80,963
Subtotal	\$ 86,572	\$ -0-	\$ -0-	86,572	85,963
Uncategorized:					
United States Government Obligations (funds on deposit in the Federal Unemployment Trust Fund)				272,304	272,304
Deferred Compensation Plan (Note 7)				104,190	104,190
N.H. Public Deposit Investment Pool				11,951	11,951
Open-ended Mutual Funds				147,987	150,140
Open-ended Mutual Funds (restricted) ...				1,044	1,044
Subtotal				537,476	539,629
Total Investments				\$ 732,370	\$ 736,013

Investments of the Deferred Compensation Plan are stated at market value. All other investments are stated at cost.

The following are summaries of the State's cash on hand, deposits and investments which reconciles to the balance sheet captions (including restricted assets) cash and cash equivalents and investments (expressed in thousands):

Per the Combined Balance Sheet:

Unrestricted:

Cash and Cash Equivalents	\$ 292,495
Investments	456,911

Restricted:

Cash and Cash Equivalents	1,110
Investments	86,506

Total Cash, Cash Equivalents and Investments	\$ 837,022
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Per Note 3 Classifications:

Cash on Hand	\$ 5,152
Carrying Amount of Deposits	99,500
Carrying Amount of Investments	732,370

Total Cash, Cash Equivalents and Investments	\$ 837,022
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NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

COMPONENT UNITS

Level of Risks of Cash and Cash Equivalents (expressed in thousands):

	Categories			Total Bank Balance	Carrying Amount
	1	2	3		
Deposits:					
Demand Deposits (Interest Bearing)	\$ 300		\$ 10,579	\$ 10,879	\$ 5,192
Money Market Fund			6,278	6,278	6,278
Subtotal	300	\$ -0-	16,857	17,157	11,470
Restricted Deposits:					
Demand Deposits (Interest Bearing)	2,600		4,739	7,339	7,349
Subtotal	\$ 2,600	\$ -0-	\$ 4,739	7,339	7,349
Total Deposits				\$ 24,496	\$ 18,819

Level of Risks of Investments (expressed in thousands):

	Categories			Carrying Amount	Fair Value
	1	2	3		
Investments:					
Repurchase Agreements			\$ 17,390	\$ 17,390	\$ 17,390
Stocks and Bonds	\$ 2,211,196		86,901	2,298,097	2,298,097
United States Government Obligations . .	433,227			433,227	433,227
Subtotal	2,644,423	\$ -0-	104,291	2,748,714	2,748,714
Investments:					
Stocks, Bonds and Commercial Paper . .			21	21	21
United States Government Obligations . .	11,582			11,582	11,646
Subtotal	\$ 11,582	\$ -0-	\$ 21	11,603	11,667
Uncategorized				1,208,471	1,208,471
Total Investments				\$ 3,968,788	\$ 3,968,852

The Business Finance Authority carries its investments at cost while the New Hampshire Retirement System, The Community Development Finance Authority and the University System of New Hampshire carry their investments at fair value. Where fair value is used, the carrying and fair values stated, in the tables below, are equal.

The following are summaries of the component unit's deposits and investments which reconciles to the balance sheet captions (including restricted assets) cash and cash equivalents and investments (expressed in thousands):

Per the Combined Balance Sheet:

Unrestricted:	
Cash and Cash Equivalents	\$ 546,668
Investments	3,419,826
Restricted:	
Cash and Cash Equivalents	7,349
Investments	13,764
Total Cash, Cash Equivalents and Investment	\$ 3,987,607

Per Note 3 Classifications:

Carrying Amount of Deposits	\$ 18,819
Carrying Amount of Investments	3,968,788
Total Cash, Cash Equivalents and Investments and Investment	\$ 3,987,607

NOTE 4 - RECEIVABLES AND LOANS RECEIVABLE

Accounts Receivable:

The following is a summary of receivables at June 30, 1997 (expressed in thousands):

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	
	General Fund	Special Revenue Funds	Capital Projects Fund	Enterprise Funds	Trust and Agency	COMPONENT UNITS
Taxes:						
Meals and Rooms	\$ 11,199					
Business Profits	5,869					
Tobacco	3,602					
Estate and Legacy	13,500					
Real Estate Transfer	3,916					
Communications	4,549					
Business Enterprise Tax	2,103					
Gasoline Road Toll		\$ 9,560		\$ 1,145		
Beer				1,145		
Sub Total	44,738	9,560		1,145		
Other Receivables:						
Turnpike System				1,521		
Liquor Commission				1,352		
Sweepstakes Commission				1,234		
Unemployment Trust Fund					\$ 6,432	
Board and Care	1,545					
Federal Grants	8,454	95,945	\$ 4,365			\$ 6,136
Local Grants	768	5,075				
Due From Cities and Towns		2,139				
Interest and Dividends						12,809
Contributions						17,121
Tuition						7,158
Miscellaneous	11,594	17,499	955			8,569
Total	\$ 67,099	\$ 130,218	\$ 5,320	\$ 5,252	\$ 6,432	\$ 51,793

Loans and Notes Receivable:

Primary Government:

As of June 30, 1997 total water pollution control loans outstanding recorded in the Special Fund amounted to \$65.3 million and were offset by a corresponding amount of deferred revenue. The State Water Pollution Control Revolving Loan Fund ("State Revolving Fund"), established through RSA 486:14, provides loans and other assistance to local communities for financing waste water treatment facilities. The State Revolving Fund was authorized through the Federal Clean Water Act of 1988 and is initially funded through a federal capitalization grant program to states which includes a state matching funds requirement equal to 20% of the capitalization grant funding. All loan agreements executed under the State Revolving Fund follow federal requirements and require approval from the Governor and Executive Council. Principal and interest repayments on the loans will occur over a period not to exceed 20 years and will be credited directly to the State Revolving Fund enabling the fund balance to be available in perpetuity.

Component Units:

The component units balance of \$24.7 million is comprised of University System of New Hampshire Perkins Loans and other college and university loans of \$20.2 million and Business Finance Authority loan repurchase agreements of \$4.5 million.

NOTE 4 - RECEIVABLES AND LOANS RECEIVABLE (Continued)

Restricted Receivables:

Primary Government:

The balance of \$1.2 million in the General Fund represents interest receivable on the Health Care Transition Fund.

Component Units:

The \$19.3 million balance is made up of \$10.8 million of Pease Development Authority leases receivable, \$7.8 million of Community Development Finance Authority pledges receivable and \$0.7 million of miscellaneous receivables.

NOTE 5 - FIXED ASSETS

The following is a summary of fixed assets by category at June 30, 1997 (expressed in thousands):

	PRIMARY GOVERNMENT		COMPONENT UNITS
	Enterprise Funds	General Fixed Assets Account Group	
Land and Land Improvements	\$ 85,265	\$ 115,841	\$ 8,577
Buildings and Building Improvements.....	16,550	347,444	515,469
Equipment	22,473	79,238	93,333
Construction in Progress.....	85,534	4,397	43,048
Infrastructure	386,470		
Sub Total	596,292	546,920	660,427
Less: Accumulated Depreciation	(127,833)		(274,097)
Total	\$ 468,459	\$ 546,920	\$ 386,330

General Fixed Assets Account Group:

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year (expressed in thousands).

	Balance July 1, 1996	Additions	Deletions	Balance June 30, 1997
Land and Land Improvements	\$ 109,484	\$ 7,357	\$ 1,000	\$ 115,841
Buildings and Building Improvements.....	334,706	13,974	1,236	347,444
Construction in Progress.....	739	4,397	739	4,397
Equipment	74,892	9,747	5,401	79,238
Total	\$ 519,821	\$ 35,475	\$ 8,376	\$ 546,920

In accordance with Financial Accounting Standards Board Statement No. 62, interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. In fiscal year 1997, net interest cost capitalized in the Turnpike System - Enterprise Fund amounted to \$4,979,950 represented by interest expense of \$5,350,018 less interest income of \$370,068.

NOTE 6 - LONG-TERM DEBT

PRIMARY GOVERNMENT

Bonds Authorized and Unissued:

Bonds authorized and unissued amounted to \$285.3 million at June 30, 1997. The proceeds of the bonds will be applied to the following funds when issued (expressed in thousands):

Highway Fund	\$ 19,045
Capital Projects Fund	75,158
Turnpike System	<u>191,100</u>
Total	<u><u>\$ 285,303</u></u>

Turnpike System:

The Legislature has established a 10 year highway construction and reconstruction plan for the Turnpike System to be funded from Turnpike revenues such as toll receipts, and other income derived or to be derived by the State from the operation of the Turnpike System and all rights to receive the same, including grants, loans and other contributions from any governmental unit, investment earnings, and the proceeds of any borrowing or of any sale or disposition or insurance of any assets of the Turnpike System. This legislation also authorized the Governor and Executive Council to issue up to \$550 million of revenue bonds to support this project. The State has issued \$305 million of revenue bonds for this project.

Advance Refunding:

The following is a summary of general obligation bonds and revenue bonds defeased by the primary government. The proceeds from each advance refunding issue were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bond's are not included in the State's financial statements (expressed in thousands):

Date of Advance Refunding	Amount Outstanding at June 30, 1997
<i>Governmental Fund Type (General Obligation Bonds):</i>	
December 19, 1996	\$ 39,875
April 15, 1993	52,960
September 1, 1992	<u>28,000</u>
Subtotal	120,835
<i>Turnpike System (Revenue Bonds):</i>	
January 20, 1994	27,000
August 1, 1992	88,100
March 15, 1991	<u>75,800</u>
Subtotal	<u>190,900</u>
Total	<u><u>\$ 311,735</u></u>

NOTE 6 - LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities:

The following is a summary of the changes in the long-term liabilities for bonds, compensated absences and uninsured claims as reported by the primary government during the fiscal year (expressed in thousands):

<u>General Long-Term Debt Account Group</u>	<u>Balance July 1, 1996</u>	<u>Accretion</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 1997</u>
General Obligation Bonds.....	\$ 615,454	\$ 10,441	\$ 92,900	\$ 101,093	\$ 617,702
Compensated Absences	52,629			535	52,094
Uninsured Claims	8,033		5,804	5,650	8,187
<u>Total.....</u>	<u>\$ 676,116</u>	<u>\$ 10,441</u>	<u>\$ 98,704</u>	<u>\$ 107,278</u>	<u>\$ 677,983</u>
<u>Enterprise Funds</u>					
General Obligation Bonds.....	\$ 47,832			\$ 4,181	\$ 43,651
Revenue Bonds	272,887			5,092	267,795
<u>Total.....</u>	<u>\$ 320,719</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 9,273</u>	<u>\$ 311,446</u>

In December 1996, a bankruptcy court allowed the State to assume legal responsibility for approximately \$9.4 million of revenue bonds issued by the Pease Development Authority (the Authority) in 1992 and guaranteed by the State. These State guaranteed airport revenue bonds were special, limited obligations of the Authority, paid solely from revenues and funds available pursuant to a loan and trust agreement between the Authority and Business Express, Inc. The bankruptcy of Business Express, Inc. resulted in the State exercising its guarantee on these bonds, which have been paid in full with the proceeds from State general obligation refunding bonds issued in December 1996.

On December 19, 1996, the State issued \$63.2 million of general obligation bonds consisting of \$10.0 million of capital improvement bonds and \$53.2 million of refunding bonds. The interest rates on these serial bonds range from 4.45% to 5.50% and the maturity dates range from 1997 through 2016. The \$53.2 million of refunding bonds were used to advance refund \$39.9 million of general obligation bonds and defease \$9.4 million of State guaranteed bonds. A portion of the proceeds from the refunding bonds was deposited into a Trust Account for the defeasance of the State guaranteed bonds and a portion was used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments from 1997 forward, and the applicable portion of the liability for those bonds has been removed from the General Long-Term Debt Account Group.

The advance refunding of the \$39.9 million of general obligation bonds and the defeasance of \$9.4 million of State guaranteed bonds will result in a cash savings of \$3.0 million over the next twenty years and a long-term economic gain of \$2.6 million.

On May 28, 1997, the State issued \$20.3 million of general obligation capital improvement bonds (College Savings Bond Program). The interest rates on these serial bonds range from 4.85% to 5.65% and the bonds mature on July 1, 2002 through June 1, 2017.

NOTE 6 - LONG-TERM DEBT (Continued)

Capital Appreciation Bonds:

Six of the State's general obligation capital improvement bonds issued since November 1990 represent capital appreciation bonds (College Savings Bond Program) with interest being accrued and compounded semiannually in the General Long-Term Debt Account Group. At June 30, 1997, the cumulative interest accretion since issuance for all six capital appreciation bonds is approximately \$51.2 million. The interest is not paid until the bonds mature at which time the expenditure will be recorded.

Debt Maturity:

All bonds issued by the State, except for the \$305 million in Turnpike revenue bonds issues discussed earlier in this note, are general obligation bonds which are backed by the full faith and credit of the State. Interest rates on these issues range from 2.7% to 8.5%. Debt service payments on "self-liquidating" debt are funded by reimbursements from component units for debt issued by the State on their behalf and through user fees and other revenues statutorily earmarked to fund debt service payments on specific projects. The anticipated source of repayment and annual maturities are as follows (expressed in thousands):

Payable June 30,	SOURCE OF PRINCIPAL PAYMENTS					DEBT SERVICE		
	GOVERNMENTAL FUND			ENTERPRISE		TOTAL ALL FUNDS		
	General Fund	Highway Fund	Self Liquidating	Sub Total	Turnpike System	Principal	Interest	Total
1998	\$ 42,108	\$ 4,462	\$ 4,432	\$ 51,002	\$ 10,403	\$ 61,405	\$ 41,444	\$ 102,849
1999	46,297	4,779	6,604	57,680	11,081	68,761	37,389	106,150
2000	46,492	2,861	5,887	55,240	9,401	64,641	34,865	99,506
2001	45,000	2,810	6,699	54,509	9,464	63,973	32,107	96,080
2002	40,747	2,697	6,131	49,575	11,709	61,284	29,960	91,244
Thereafter	368,225	26,516	61,763	456,504	263,472	719,976	228,912	948,888
Subtotal	588,869	44,125	91,516	724,510	315,530	1,040,040	404,677	1,444,717
Unamortized Discount	(91,353)	(9,977)	(5,478)	(106,808)	(4,084)	(110,892)		(110,892)
Total	<u>\$ 497,516</u>	<u>\$ 34,148</u>	<u>\$ 86,038</u>	<u>\$ 617,702</u>	<u>\$ 311,446</u>	<u>\$ 929,148</u>	<u>\$ 404,677</u>	<u>\$ 1,333,825</u>

Turnpike System principal debt service includes general obligation principal debt service of \$43.7 million, serial revenue bond principal debt service of \$77.3 million and term revenue bond principal debt service of \$194.6 million. Actual principal paid to bond holders by the bond registrar is different from the above debt service schedule the State Treasurer is required to pay to the bond registrar because a portion of the Turnpike System revenue bonds is composed of term bonds versus serial bonds. For term bonds, the State Treasurer is required to pay the bond registrar the annual principal debt service, but the bond registrar is not required to pay principal to the bond holders until the single date of maturity.

NOTE 6 - LONG-TERM DEBT (Continued)

COMPONENT UNITS

Changes in Long-Term Liabilities:

The following is a summary of the changes in the long-term liabilities as reported by the component units during the fiscal year (expressed in thousands):

	Balance July 1, 1996	Increases	Decreases	Balance June 30, 1997
Business Finance Authority	\$ 23,318		\$ 489	\$ 22,829
Pease Development Authority	10,530		9,860	670
University System of NH	152,890	\$ 3,350	2,460	153,780
Total	<u>\$ 186,738</u>	<u>\$ 3,350</u>	<u>\$ 12,809</u>	<u>\$ 177,279</u>

The University System of New Hampshire's long-term liabilities include accrued employee benefits and compensated absences of \$55.9 million.

Debt Maturity:

The following is a summary of the annual principal payments and total debt service relating to the long-term debt of the component units (expressed in thousands):

Payable June 30,	PRINCIPAL PAYMENTS			DEBT SERVICE		
	Business Finance Authority	Pease Development Authority	University System of N.H.	Principal	Interest	Total
1998	\$ 500	\$ 163	\$ 2,567	\$ 3,230	\$ 7,784	\$ 11,014
1999	800	174	2,052	3,026	7,603	10,629
2000	900	186	2,134	3,220	7,422	10,642
2001	1,000	147	2,238	3,385	7,229	10,614
2002	1,100		2,364	3,464	7,025	10,489
Thereafter	18,700		92,448	111,148	80,612	191,760
Subtotal	23,000	670	103,803	127,473	117,675	245,148
Unamortized Discount	(171)		(3,162)	(3,333)		(3,333)
Total	<u>\$ 22,829</u>	<u>\$ 670</u>	<u>\$ 100,641</u>	<u>\$ 124,140</u>	<u>\$ 117,675</u>	<u>\$ 241,815</u>

NOTE 7 - EMPLOYEE BENEFIT PLANS

NEW HAMPSHIRE RETIREMENT SYSTEM

During 1997, the State adopted GASB Statement No. 27 "Accounting for Pensions by State and Local Government Employers", which modified the disclosures required for employees' benefit plans.

Plan Description:

The New Hampshire Retirement System is the administrator of a cost-sharing multiple-employer Public Employees Retirement System (The Plan) established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401 (a) and 501 (a) of the Internal Revenue Code. The Plan is a contributory defined-benefit plan providing service, disability, death and vested retirement benefits to members and beneficiaries. The Plan covers substantially all full-time state employees, public school teachers and administrators, permanent firefighters and police officers within the State of New Hampshire. Full-time employees of political subdivisions, including counties, municipalities and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation. The Plan is divided into two membership groups. Group I consists of State and local employees and teachers. Group II consists of firefighters and police officers. All assets are in a single trust and are available to pay retirement benefits to all members.

Group I - Members at age 60 qualify for a normal service retirement allowance based on years of creditable service and average final compensation (AFC). The yearly pension amount is 1/60 (1.67%) of average final compensation multiplied by years of creditable service. AFC is defined as the average of the three highest salary years. At age 65, the yearly pension amount is recalculated at 1/66 (1.5%) of AFC multiplied by years of creditable service. Members in service with 10 or more years creditable service who are between age 50 and 60 or members in service with at least 20 or more years of service, whose combination of age and service is 70 or more, are entitled to a retirement allowance with appropriate graduated reduction based on years of creditable service.

Group II - Members who are age 60, or members who are at least age 45 with at least 20 years of creditable service can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years.

Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation and/or service.

Pursuant to RSA 100-A:50, the New Hampshire Retirement System also provides a postretirement medical premium subsidy to certain Group II members.

A Special Account has been established by RSA 100-A:16, II(h) for additional benefits. The Special Account is credited with all of the earnings of the Special Account assets plus the earnings of the remaining assets of the plan in excess of the assumed rate of return plus 1/2 of 1 percent.

The New Hampshire Retirement System issues a publicly available financial report that may be obtained by writing to New Hampshire Retirement System, 4 Chenell Drive, Concord, NH 03301-8509.

Funding Policy:

The Plan is financed by contributions from the members, the State and local employers, and investment earnings. In fiscal year 1997, by statute, Group I members contributed 5.0% of gross earnings. Group II members contributed 9.3% of gross earnings. Contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the System's actuary using the open group aggregate funding method and are expressed as a percentage of gross payroll and paid by the employers. The State's share represents 100% of the employer cost for all state employees, and 35% of the employer cost for teachers, firefighters, and police officers employed by political subdivisions. The State does not participate in funding the employer cost of other political subdivision employees.

NOTE 7 - EMPLOYEE BENEFIT PLANS (Continued)

Funding Policy (Continued):

The State's contributions to the plan for the years ending June 30, 1997, 1996 and 1995 were \$21.0 million, \$20.7 million and \$18.4 million, respectively, equal to the required contributions for each year.

HEALTH CARE INSURANCE FOR RETIRED EMPLOYEES

In addition to providing pension benefits, RSA 21-I:30 specifies that the State provides certain health care insurance benefits for retired employees. These benefits include group hospitalization, hospital medical care, and surgical care. Substantially all of the State's employees may become eligible for these benefits if they reach normal retirement age while working for the State and receive their pension on a periodic basis rather than a lump sum. These and similar benefits for active employees are authorized by RSA 21-I:30 and provided through an insurance company whose premiums are based on the benefits paid during the year. The State recognizes the cost of providing these benefits by paying the entire annual insurance premiums with minor contributions offset by members and a portion paid by the New Hampshire Retirement System's Group II medical premium subsidy. The State paid approximately \$15.6 million of annual insurance premiums for approximately 6,860 State retirees receiving a periodic pension benefit for the fiscal year ended June 30, 1997.

DEFERRED COMPENSATION PLAN

The State offers its employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan, available to all State employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights, are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State (without being restricted to the provisions of benefits under the Plan), subject only to the claims of the State's general creditors. Participants' rights under the Plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the State's legal counsel that the State has no liability for losses under the Plan and does not have a duty with regard to the investment decisions made by the individual employees who possess an expectancy in receiving funds equivalent to the balance in their specific plan accounts. The State believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

The assets of the Plan, which are primarily invested in fixed and variable rate annuity contracts with insurance companies, totaled \$104.4 million at June 30, 1997.

COMPONENT UNITS

Eligible employees of the Business Finance Authority, the Pease Development Authority and the New Hampshire Retirement System participate in the PERS and additional disclosure about their participation is available in their audited financial statements. Employees of the New Hampshire Community Development Finance Authority and the University System of New Hampshire are not members of the New Hampshire Retirement System, but participate in their own defined contribution plan.

NOTE 8 - LEASE COMMITMENTS

The State has lease commitments for space requirements which are accounted for as operating leases. These leases, subject to continuing appropriation, extend forward a number of years and may contain rent escalation clauses and renewal options. Rent expenditures for fiscal year 1997 were approximately \$10.6 million. The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of June 30, 1997 (expressed in thousands):

Payable June 30,	Amount
1998	\$ 7,277
1999	4,276
2000	2,007
2001	1,432
2002	1,202
Later Years	2,224
Total	<u>\$ 18,418</u>

NOTE 9 - INTERFUND RECEIVABLES AND PAYABLES

Due From/To Other Funds in the primary government consist of the following as of June 30, 1997 (expressed in thousands):

RECEIVABLE FUND	AMOUNT	PAYABLE FUND	AMOUNT
Special Fund	\$ 29,206	General Fund	\$ 29,206
General Fund	6,295	Sweepstakes Commission	5,859
		Liquor Commission	436
Trust and Agency Funds	193	General Fund	91
		Trust and Agency Funds	102
Total	<u>\$ 35,694</u>	Total	<u>\$ 35,694</u>

Due from Component Units:

As of June 30, 1997, the cumulative balance of outstanding loans plus accrued interest to the Pease Development Authority (PDA) amounted to \$54.4 million. The balance has been offset by a corresponding amount of deferred revenue in the General Fund and Special Fund. The following is a summary of the more significant components of these loans:

On March 31, 1993, the Governor and Executive Council approved the issuance of \$29.9 million in State general obligation bonds, the proceeds of which were loaned to the Pease Development Authority (PDA) pursuant to RSA 12-G:27 and an executed loan agreement between the State and the PDA. The proceeds of the bond issue were used to finance the project costs of a facility constructed at Pease which is subleased currently to Alusuisse - Lonza Group (Lonza). As of June 30, 1997, the balance remaining on the loan agreement was \$28.1 million.

NOTE 9 - INTERFUND RECEIVABLES AND PAYABLES (Continued)

Due from Component Units (Continued):

As of June 30, 1997, the State has loaned the PDA \$18.4 million in accordance with RSA 12-G:27,III and 12-G:27-C. The loan proceeds were used for the 1992 through 1997 PDA operating budgets pursuant to various legislation and as matching funds for various federal grant programs. The repayment of these loans shall be made when due from available funds of the PDA in accordance with RSA 12-G:27,III and 12-G:27-C.

The State has issued general obligation bonds to finance certain capital projects for the University System of New Hampshire (University System). As of June 30, 1997, the outstanding balance of these bonds was \$12.6 million. The State is to be reimbursed for the debt service payments from the University System as the payments are due. This receivable is classified as "Due from Component Units" and "Deferred Revenue" in the State's General Fund for financial reporting purposes.

Due to Component Units:

In accordance with the loan and trust agreements executed between the State, the PDA and Lonza, certain trust accounts have been established by the PDA with the State relative to the \$29.9 million loaned to the PDA. The assets of these trusts are recorded in the primary government's Fiduciary Fund Type with a corresponding liability, "Due to Component Units". As of June 30, 1997 the balance of these trust accounts amounted to \$292 thousand.

NOTE 10 - CONTRIBUTED CAPITAL

The State records the costs associated with projects of the Turnpike System, where the federal government or other non-Turnpike System sources have provided funding, as an increase in fixed assets (e.g. land, construction in progress and infrastructure) and as contributed capital under fund equity on the Turnpike System balance sheet. In accordance with GAAP, the depreciation of the costs of such projects are charged to contributed capital.

The following schedule shows the change in contributed capital during fiscal year 1997 (expressed in thousands):

Net Contributed Capital at July 1, 1996	\$ 49,132
Activity during Fiscal Year 1997:	
Federal Government	1,187
Highway Fund	675
Less: Depreciation	<u>(1,276)</u>
Net Contributed Capital at June 30, 1997	<u>\$ 49,718</u>

NOTE 11 - GOVERNMENTAL FUNDS UNDESIGNATED DEFICIT

General Fund:

The General Fund unreserved, undesignated fund balance deficit was \$1.2 million as of June 30, 1997 after a \$39.0 million transfer from the Health Care Transition Fund. The transfer resulted from a \$29.0 million shortfall in net medicaid enhancement revenues and a \$10.0 million shortfall in revenue recoupments anticipated under the Department of Health and Human Services consulting contract.

Highway Fund:

The Highway Fund unreserved, undesignated deficit was \$16.9 million as of June 13, 1997. The deficit exists primarily due to certain Highway Fund infrastructure projects which will be funded by future bond issues. Bonds authorized and unissued for the Highway Fund amounted to \$19.0 million at June 30, 1997.

Capital Projects Fund:

The June 30, 1997, unreserved, undesignated deficit of the Capital Projects Fund is \$75.2 million. The Capital Projects Fund accounts for multi-year capital projects which will be primarily financed by bond proceeds. The project costs are appropriated when the project is approved. Bonds are issued as the expenditures are expected to be incurred. As of June 30, 1997, bonds authorized and unissued for the Capital Projects Fund amounted to \$75.2 million.

NOTE 12 - SEGMENT INFORMATION

PRIMARY GOVERNMENT

Enterprise Funds' segment information for the year ended June 30, 1997 is presented below (expressed in thousands):

	<u>Turnpike System</u>	<u>Liquor Commission</u>	<u>Sweepstakes Commission</u>	<u>Totals</u>
Balance Sheet:				
Net Fixed Assets Additions	\$ 29,304	\$ 1,124	\$ 87	\$ 30,515
Net Working Capital	26,739	2,006	(12)	28,733
Total Assets	526,387	32,980	12,444	571,811
Long-Term Liabilities	302,637	2,006	278	304,921
Total Fund Equity	206,953	12,407		219,360
Statement of Revenues, Expenses and Changes in Retained Earnings:				
Operating Revenues	\$ 51,988	\$ 238,116	\$ 178,923	\$ 469,027
Cost of Sales and Services		171,025	106,254	277,279
Depreciation	8,675	1,051	90	9,816
Operating Income	24,145	46,511	53,243	123,899
Net Operating Interfund Transfers Out		63,497	54,207	117,704
Beer Tax Revenue		11,104		11,104
Net Income	13,511			13,511

NOTE 12 - SEGMENT INFORMATION (Continued)

COMPONENT UNITS

Component Units' segment information for the year ended June 30, 1997 is presented below (expressed in thousands):

	Business Finance Authority	Community Development Finance Authority	Pease Development Authority	New Hampshire Retirement System	University System of New Hampshire	Totals
Balance Sheet:						
Current Assets	\$ 7,187	\$ 2,075	\$ 6,650	\$ 515,588	\$ 77,261	\$ 608,761
Amount Due from Primary Government .			292			292
Property, Plant and Equipment, Net	2,630	10	49,747		333,493	385,880
Total Assets	30,999	15,973	70,151	3,782,926	586,415	4,486,464
Current Liabilities	817	34	2,507	7,806	37,945	49,109
Amount Due to Primary Government			54,392		12,571	66,963
Long-Term Liabilities	23,562	2,723	55,382	50,060	153,780	285,507
Total Liabilities	25,939	14,203	58,388	487,437	204,296	790,263
Total Fund Equity	5,060	1,770	11,763	3,295,489 ⁽¹⁾	382,119	3,696,201

Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balance:⁽²⁾

Operating Revenues	\$ 1,409	\$ 413	\$ 7,622			\$ 9,444
Operating Expenses	571	643	9,211			10,425
Depreciation	142	9	1,731			1,882
Operating Income (Loss)	838	(230)	(1,589)			(981)
Net Income (Loss)	83	(230)	(881)			(1,028)
Current Contributed Capital			5,233			5,233

⁽¹⁾ Total fund equity of the New Hampshire Retirement System is comprised of the following reserved account balances: Reserved for Pension Benefits of \$3,176,157 and Reserved for Post Retirement Medicaid Benefits of \$119,332.

⁽²⁾ The general purpose financial statements includes a separate Combined Statement of Changes in Fund Balances and Combined Statement of Current Funds Revenues, Expenditures and Other Changes for the University System of New Hampshire and a separate Combined Statement of Changes in Plan Net Assets for the New Hampshire Retirement System.

NOTE 13 - RISK MANAGEMENT AND INSURANCE

The State is exposed to various risk of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The State primarily retains the risk for losses except where the provisions of law allow for the purchase of commercial insurance or where commercial insurance has been proven beneficial for the general public. There are approximately 30 such commercial insurance programs in effect which include fleet automobile liability, ski area liability for the two state owned and operated ski areas and faithful performance position schedule bond. Settled claims under these insurance programs have not exceeded commercial insurance coverage in any of the last three years. Claim liabilities not covered by commercial insurance are recorded when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

At June 30, 1997, the amount of liabilities not covered by commercial insurance was approximately \$10.4 million related to worker's compensation claims. This liability is the State's best estimate based on available information. In the governmental funds, the total liability is approximately \$9.3 million. Of this liability, \$1.1 million has been determined to be payable with expendable available financial resources and recorded as a current liability in the governmental funds. The remaining \$8.2 million long-term liability has been recorded in the General Long-Term Debt Account Group. The total liability recorded to the enterprise funds amounted to \$1.1 million as of June 30, 1997.

NOTE 13 - RISK MANAGEMENT AND INSURANCE (Continued)

The following table presents the changes in claims liabilities balances (short- and long-term combined) during fiscal years ending June 30, 1996, and June 30, 1997:

Changes in Claims Liabilities (Expressed in Thousands)

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
1996	\$ 11,039	\$ 6,741	\$ 7,783	\$ 9,997
1997	9,997	7,004	6,584	10,417

NOTE 14 - CONTINGENT AND LIMITED LIABILITIES

PRIMARY GOVERNMENT

Bonds and First Mortgages:

The State of New Hampshire is contingently liable within statutory legal limits for bonds sold by municipalities, school districts and for first mortgages on industrial and recreational property which contain the guarantee of the State of New Hampshire. The following table shows the composition of the State's \$350.2 million of contingent liabilities and the statutory limits as of June 30, 1997 (expressed in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
N.H. Water Supply and Pollution Control Commission, RSA 485-A:7 (Legal Limit \$250.0 million - principal and interest)	\$ 109,353	\$ 41,531	\$ 150,884
Business Finance Authority, RSA 162-A:22 - Economic Development (Legal Limit \$95.0 million - principal plus interest)	37,293	23,043	60,336
N.H. School Building Authority, RSA 195-C:2 (Legal Limit \$75.0 million - principal and interest)	37,670	15,111	52,781
Business Finance Authority, Ch 265, Laws of 1989 and Ch 8, Laws of 1992 and Ch 257, Laws of 1996 - Airport (Legal Limit \$42.7 million - principal plus interest)	40,885	42,379	83,264
Landfill Closures/Hazardous Waste Sites Cleanup, RSA 149-M:31 (Legal Limit \$30.0 million - principal and interest)	1,530	561	2,091
Pease Development Authority, RSA 12-G:27 (Legal Limit \$12.4 million - principal plus interest)	683	146	829
Total	<u>\$ 227,414</u>	<u>\$ 122,771</u>	<u>\$ 350,185</u>

The State of New Hampshire has a limited liability for the New Hampshire Housing Finance Authority and the New Hampshire Municipal Bond Bank. Both entities are required to maintain a bond reserve fund. A request for an appropriation may be submitted to the Legislature for a sum required to maintain the bond reserve fund at the established bond reserve fund requirements. Amounts so requested are subject to appropriation by the Legislature and do not constitute a debt of the State and no such appropriations have ever been requested.

NOTE 14 - CONTINGENT AND LIMITED LIABILITIES (Continued)

PRIMARY GOVERNMENT (Continued)

Effective June 1, 1990, RSA 12-G:14 authorized the Pease Development Authority (PDA) to issue bonds for the development of the Pease Air Force Base. Per RSA 12-G:27, the Governor and Executive Council may award an unconditional state guarantee for the principal, not to exceed \$50.0 million, plus interest. As of June 30, 1997, the State has issued \$37.6 million in general obligation bonds on behalf of PDA in lieu of a state guarantee in accordance with RSA 12-G:27 III. The general obligation debt issued on behalf of PDA reduced the legal limit of \$50.0 million on debt guaranteed by the State to \$12.4 million at June 30, 1997.

Effective June 8, 1994, RSA 12-G:27b (Chapter 339, Laws of 1994) authorized the Pease Development Authority (PDA) to issue bonds for the development of the former Pease Air Force Base subject to the approval by the Legislative Fiscal Committee of the comprehensive development plan prepared by the PDA. The Governor and Executive Council may award an unconditional state guarantee for the principal, not to exceed \$60.0 million, plus interest.

Effective May 18, 1992, RSA 33:3 (Chapter 275, Laws of 1992) authorized state municipalities to issue Superfund Site Cleanup Bonds in order to pay all response costs associated with the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA). The Governor and Executive Council may award an unconditional state guarantee for the principal, not to exceed \$50.0 million, and interest.

Federal Grants:

The State receives federal grants which are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with terms and conditions of grant agreements and applicable regulations, including expenditure of resources for allowable purposes. Any disallowances resulting from the audit may become the liability of the State. The State estimates that the ultimate disallowance pertaining to these grants, if any, will be immaterial to its overall financial condition.

COMPONENT UNITS

The Community Development Finance Authority records liabilities payable from restricted assets of \$11.4 million. These liabilities relate to economic development projects for which pledges have been received by the authority. There is no guarantee that these projects will begin or be completed. In the event the project does not utilize the funding donated on its behalf, the funds are to be returned to the donor or the State, at the discretion of the donor.

NOTE 15 - LITIGATION

The State, its agencies and employees are defendants in numerous lawsuits involving such matters as funding for social welfare programs, contract claims, negligence and civil actions under U.S. Public Health and Welfare Laws (Title 42, Chapter 21, Section 1983). Although the Attorney General is unable to predict the ultimate outcome of the majority of these suits, which seek approximately \$50 million, in the opinion of the Attorney General and the Commissioner of Administrative Services, the likelihood of such litigation resulting, either individually or in the aggregate, in final judgements against the State which would materially affect its financial position is remote. Accordingly, no provision for such ultimate liability, if any, has been made in the financial statements.

COMBINING FINANCIAL STATEMENTS & SCHEDULE



SPECIAL REVENUE FUNDS

Highway Fund: Under the State Constitution, all revenue in excess of the necessary cost of collection and administration accruing to the State from motor vehicle registration fees, operators' licenses, gasoline road toll or any other special charges or taxes with respect to the operation of motor vehicles or the sale or consumption of motor vehicle fuels are appropriated and used exclusively for the construction, reconstruction and maintenance of public highways within this State, including the supervision of traffic thereon and for the payment of the interest and principal of bonds issued for highway purposes. All such revenues, together with federal grants-in-aid received by the State for highway purposes are credited to the Highway Fund. While the principal and interest on State highway bonds is charged to the Highway Fund, the assets of this fund are not pledged to such bonds.

Fish and Game Fund: The operations of the State Fish and Game Department, including the operation of fish hatcheries, inland and marine fisheries and wildlife areas, and functions related to law enforcement, land acquisition, and wildlife management and research, are financed through the Fish and Game Fund. Principal revenues of this fund include fees from fish and game licenses, the marine gas tax, penalties and recoveries, and federal grants-in-aid related to fish and game management, all of which is appropriated annually by the Legislature for the use of the Fish and Game Department.

Special Fund: The State allocates to the Special Fund expenditures and revenues of programs which, by statute, operate primarily from specific program revenues or from federal grants-in-aid, including the State social services programs, education assistance programs and the administrative expenses of the Department of Employment Security.

STATE OF NEW HAMPSHIRE

COMBINING BALANCE SHEET

SPECIAL REVENUE FUNDS

JUNE 30, 1997

(Expressed in Thousands)

	Highway Fund	Fish and Game Fund	Special Fund	Totals
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 114,535	\$ 6,312	\$ 21,083	\$ 141,930
Receivables (Net of Allowances for Uncollectibles)	28,651	880	100,687	130,218
Due from Other Funds			29,206	29,206
Due from Component Units			5,410	5,410
Inventories	3,620	666	7,169	11,455
Loans Receivable			65,272	65,272
Total Assets	<u>\$ 146,806</u>	<u>\$ 7,858</u>	<u>\$ 228,827</u>	<u>\$ 383,491</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts Payable	\$ 14,451	\$ 418	\$ 71,910	\$ 86,779
Accrued Payroll	3,385	406	4,272	8,063
Deferred Revenue	6,096		106,944	113,040
Total Liabilities	<u>23,932</u>	<u>824</u>	<u>183,126</u>	<u>207,882</u>
FUND BALANCES:				
Reserved for Encumbrances	119,810	483	39,423	159,716
Reserved for Inventories	3,620	666		4,286
Reserved for Unexpended Appropriations	16,357	2,629	6,278	25,264
Unreserved, Undesignated (Deficit)	(16,913)	3,256		(13,657)
Total Fund Balances	<u>122,874</u>	<u>7,034</u>	<u>45,701</u>	<u>175,609</u>
Total Liabilities and Fund Balances	<u>\$ 146,806</u>	<u>\$ 7,858</u>	<u>\$ 228,827</u>	<u>\$ 383,491</u>

STATE OF NEW HAMPSHIRE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

SPECIAL REVENUE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(Expressed in Thousands)

	Highway Fund	Fish and Game Fund	Special Fund	Totals
REVENUES:				
Special Taxes			\$ 49,491	\$ 49,491
Business License Taxes	\$ 121,825		1,855	123,680
Non-Business License Taxes	47,929	\$ 6,476		54,405
Fees	14,482	946	10,320	25,748
Fines, Penalties and Interest	887	130	1,322	2,339
Grants from Federal Government	102,071	3,103	552,025	657,199
Grants from Private and Local Sources	7,712	171	77,497	85,380
Interest, Premiums and Discounts	4,919	278	1,384	6,581
Sale of Commodities	91	276	60	427
Sale of Services	5,824			5,824
Assessments	460		997	1,457
Grants from Other Agencies	558	549	2,325	3,432
Miscellaneous	1,185		14,235	15,420
Total Revenues	307,943	11,929	711,511	1,031,383
EXPENDITURES:				
Current:				
General Government			31,204	31,204
Administration of Justice and Public Protection	1,328		29,823	31,151
Resource Protection and Development		11,098	38,053	49,151
Transportation	181,421		539	181,960
Health and Social Services			748,615	748,615
Education			89,705	89,705
Debt Service	5,439	82	806	6,327
Capital Outlay	108,160	959	4,866	113,985
Total Expenditures	296,348	12,139	943,611	1,252,098
Excess (Deficiency) of Revenues Over Expenditures	11,595	(210)	(232,100)	(220,715)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In		791	234,337	235,128
Operating Transfers Out	(1,582)		(125)	(1,707)
Proceeds from Issuance of Bonds	64			64
Proceeds from Refunding Bonds	1,560			1,560
Payments to Refunding Bond Escrow Agent	(1,560)			(1,560)
Total Other Financing Sources (Uses)	(1,518)	791	234,212	233,485
Excess of Revenues and Other Sources Over Expenditures and Other Uses	10,077	581	2,112	12,770
Fund Balances - July 1	112,797	6,453	43,589	162,839
Fund Balances - June 30	\$ 122,874	\$ 7,034	\$ 45,701	\$ 175,609

STATE OF NEW HAMPSHIRE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - NONGAAP BUDGETARY BASIS
SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1997
(Expressed in Thousands)**

	Highway			Fish and Game	
	Budget	Actual	Variance	Budget	Actual
REVENUES:					
Special Taxes					
Business License Taxes	\$ 113,733	\$ 121,825	\$ 8,092		
Non-Business License Taxes	44,087	47,929	3,842	\$ 6,428	\$ 6,476
Fees	13,125	14,482	1,357	762	946
Fines, Penalties and Interest	1,181	887	(294)	88	130
Grants from Federal Government	103,902	99,461	(4,441)	3,399	3,099
Grants from Private and Local Sources	6,756	10,089	3,333	197	171
Interest, Premiums and Discounts	1,900	4,919	3,019	121	279
Sale of Commodities	95	91	(4)	302	276
Sale of Services	16,200	13,278	(2,922)		
Assessments	390	460	70		
Grants from Other Agencies	609	559	(50)	425	472
Miscellaneous	200	5,592	5,392	1,075	1,414
Total Revenues	302,178	319,572	17,394	12,797	13,263
EXPENDITURES:					
Current:					
General Government					
Administration of Justice and Public Protection	3,320	1,372	1,948		
Resource Protection and Development				15,131	12,364
Transportation	246,570	189,470	57,100		
Health and Social Services					
Education					
Debt Service	5,439	5,439		82	82
Capital Outlay	108,160	108,160		958	958
Total Expenditures	363,489	304,441	59,048	16,171	13,404
Excess (Deficiency) of Revenues Over Expenditures	(61,311)	15,131	76,442	(3,374)	(141)
OTHER FINANCING SOURCES (USES):					
Operating Transfers In				791	791
Operating Transfers Out	(1,581)	(1,581)			
Miscellaneous	42	42		(20)	(20)
Total Other Financing Sources (Uses)	(1,539)	(1,539)		771	771
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(62,850)	13,592	76,442	(2,603)	630
Fund Balances - July 1	139,548	139,548		6,889	6,889
Fund Balances - June 30	\$ 76,698	\$ 153,140	\$ 76,442	\$ 4,286	\$ 7,519

				TOTALS (Memorandum Only)		
Special						
Variance	Budget	Actual	Variance	Budget	Actual	Variance
	\$ 52,178	\$ 49,491	\$ (2,687)	\$ 52,178	\$ 49,491	\$ (2,687)
	1,492	1,855	363	115,225	123,680	8,455
\$ 48				50,515	54,405	3,890
184	11,129	10,316	(813)	25,016	25,744	728
42	2,521	1,322	(1,199)	3,790	2,339	(1,451)
(300)	599,055	545,600	(53,455)	706,356	648,160	(58,196)
(26)	80,555	77,199	(3,356)	87,508	87,459	(49)
158	583	1,384	801	2,604	6,582	3,978
(26)	137	67	(70)	534	434	(100)
	2		(2)	16,202	13,278	(2,924)
	1,374	996	(378)	1,764	1,456	(308)
47	4,954	4,352	(602)	5,988	5,383	(605)
339	7,375	12,657	5,282	8,650	19,663	11,013
466	761,355	705,239	(56,116)	1,076,330	1,038,074	(38,256)
	43,083	30,690	12,393	43,083	30,690	12,393
	36,591	29,201	7,390	39,911	30,573	9,338
2,767	90,893	38,188	52,705	106,024	50,552	55,472
	541	541		247,111	190,011	57,100
	750,305	726,180	24,125	750,305	726,180	24,125
	112,523	87,457	25,066	112,523	87,457	25,066
	806	806		6,327	6,327	
	4,866	4,866		113,984	113,984	
2,767	1,039,608	917,929	121,679	1,419,268	1,235,774	183,494
3,233	(278,253)	(212,690)	65,563	(342,938)	(197,700)	145,238
	215,661	215,661		216,452	216,452	
	(125)	(125)		(1,706)	(1,706)	
				22	22	
	215,536	215,536		214,768	214,768	
3,233	(62,717)	2,846	65,563	(128,170)	17,068	145,238
	51,544	51,544		197,981	197,981	
\$ 3,233	\$ (11,173)	\$ 54,390	\$ 65,563	\$ 69,811	\$ 215,049	\$ 145,238



ENTERPRISE FUNDS

Turnpike System: The State constructs, maintains and operates transportation toll facilities. The Legislature has established a 10-year state highway construction and reconstruction plan and authorized major expansion and improvement projects as part of a Capital Improvement Program. These include a partial circumferential highway around the City of Nashua and other projects which will provide major improvements to the Central Turnpike from Bedford to Nashua and include new interchanges, widening and a toll plaza construction. Additional projects are planned which will provide safety improvements to the existing Turnpike System and increase the Turnpike System's capacity.

Liquor Commission: Receipts from operations of the Liquor Commission are transferred to the General Fund on a daily basis. The General Fund advances cash to the Liquor Commission for the purchase of liquor inventory. By statute, all liquor and beer sold in the State must be sold through a sales and distribution system operated by the State Liquor Commission, comprised of three members appointed by the Governor with the consent of the Executive Council. The Commission makes all liquor purchases directly from the manufacturers and importers and operates State liquor stores in cities and towns that accept the provisions of the local option law. The Commission is authorized to lease and equip stores, warehouses and other merchandising facilities for liquor sales, to supervise the construction of State owned liquor stores at various locations in the State, and to sell liquor through retail outlets as well as direct sales to restaurants, hotels and other organizations. The Commission also charges permit and license fees for the sale of beverages through private distributors and retailers plus an additional fee on beverages sold by such retailers at the rate of 30 cents per gallon.

Sweepstakes Commission: The State sells lottery games through some 1,350 agents including state liquor stores, licensed racetracks and private retail outlets. Through the sale of instant lottery tickets, Tri-State Megabucks, Powerball, Tri-State Cash 5, New Hampshire Cash Lotto and New Hampshire Daily Pick 3 and Pick 4 games, revenue is generated for prize payments and commission expenses, with the net revenue used for aid to education. This net revenue is transferred to the Department of Education in the General Fund and then transferred to the local school districts.

STATE OF NEW HAMPSHIRE

COMBINING BALANCE SHEET

ENTERPRISE FUNDS

JUNE 30, 1997

(Expressed in Thousands)

	Turnpike System	Liquor Commission	Sweepstakes Commission	Total
<u>ASSETS</u>				
Current Assets:				
Cash and Cash Equivalents	\$ 32,154	\$ 1,425	\$ 10,358	\$ 43,937
Receivables (Net of Allowances for Uncollectibles)	1,521	2,497	1,234	5,252
Inventories		16,651	559	17,210
Other Assets			3	3
Total Current Assets	33,675	20,573	12,154	66,402
Restricted Assets:				
Cash and Cash Equivalents	1,110			1,110
Investments	32,834			32,834
Total Restricted Assets	33,944			33,944
Deferred Charges	3,006			3,006
Fixed Assets:				
Land	82,611	2,055		84,666
Land Improvements		599		599
Buildings	2,667	12,648		15,315
Building Improvements		1,235		1,235
Equipment	13,557	8,194	722	22,473
Construction in Progress	85,534			85,534
Infrastructure	386,470			386,470
Less: Allowance for Depreciation and Amortization	(115,077)	(12,324)	(432)	(127,833)
Net Fixed Assets	455,762	12,407	290	468,459
Total Assets	\$ 526,387	\$ 32,980	\$ 12,444	\$ 571,811
<u>LIABILITIES AND FUND EQUITY</u>				
Current Liabilities:				
Accounts Payable	\$ 1,734	\$ 15,670	\$ 1,156	\$ 18,560
Accrued Payroll	463	824	108	1,395
Due to Other Funds		436	5,859	6,295
Deferred Revenue	162	1,637	1,216	3,015
Unclaimed Prizes			3,827	3,827
Other Liabilities	174			174
General Obligation Bonds Payable - Current	4,403			4,403
Total Current Liabilities	6,936	18,567	12,166	37,669
Current Liabilities Payable from Restricted Assets:				
Revenue Bonds Payable	6,000			6,000
Accrued Interest Payable	3,861			3,861
Total Current Liabilities Payable from Restricted Assets ..	9,861			9,861
Noncurrent Liabilities:				
General Obligation Bonds Payable	39,248			39,248
Revenue Bonds Payable (Net of Unamortized Discount)	261,795			261,795
Compensated Absences and Accrued Employee Benefits	1,594	2,006	278	3,878
Total Noncurrent Liabilities	302,637	2,006	278	304,921
Total Liabilities	319,434	20,573	12,444	352,451
Fund Equity:				
Contributions from Other Funds		12,407		12,407
Contributed Capital (Net of Amortization)	49,718			49,718
Retained Earnings	157,235			157,235
Total Fund Equity	206,953	12,407		219,360
Total Liabilities and Fund Equity	\$ 526,387	\$ 32,980	\$ 12,444	\$ 571,811

STATE OF NEW HAMPSHIRE

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(Expressed in Thousands)

	Turnpike System	Liquor Commission	Sweepstakes Commission	Total
OPERATING REVENUES:				
Charges for Sales and Services.....	\$ 51,988	\$ 238,116	\$ 178,923	\$ 469,027
OPERATING EXPENSES:				
Cost of Sales and Services.....		171,025	106,254	277,279
Personnel Services.....	6,633	11,489	1,521	19,643
Supplies and Materials	641	397	17	1,055
Communication Services	39	246	119	404
Travel.....	13	95	44	152
Printing and Binding	1	165	1,510	1,676
Advertising.....	5	602	2,016	2,623
Commissions			12,638	12,638
Heat, Light and Power	966	602		1,568
Rent	129	1,300	301	1,730
Repairs.....	3,720	629		4,349
Payroll Benefits	2,283	3,057	585	5,925
Indirect Costs	971	325	57	1,353
Enforcement	2,754		285	3,039
Miscellaneous.....	1,013	622	243	1,878
Depreciation	8,675	1,051	90	9,816
Total Operating Expenses	27,843	191,605	125,680	345,128
Operating Income	24,145	46,511	53,243	123,899
NONOPERATING REVENUES (EXPENSES):				
Licenses		3,045		3,045
Beer Taxes		11,104		11,104
Interest Revenue	3,420		968	4,388
Miscellaneous.....	(507)	2,837	(4)	2,326
Interest on Bonds	(13,322)			(13,322)
Amortization of Bond Issuance Costs.....	(225)			(225)
Total Nonoperating Revenues (Expenses)	(10,634)	16,986	964	7,316
Income Before Operating Transfers	13,511	63,497	54,207	131,215
Operating Transfers:				
To General Fund		(63,497)	(54,207)	(117,704)
Net Operating Transfers.....		(63,497)	(54,207)	(117,704)
Net Income	13,511	-0-	-0-	13,511
Add: Depreciation on Fixed Assets Acquired by Grants and Entitlements Externally Restricted for Capital Acquisitions and Construction that Reduces Contributed Capital.....	1,276			1,276
Increase in Retained Earnings	14,787	-0-	-0-	14,787
Retained Earnings - July 1	142,448	-0-	-0-	142,448
Retained Earnings - June 30	\$ 157,235	\$ -0-	\$ -0-	\$ 157,235

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1997
(Expressed in Thousands)

	Turnpike System	Liquor Commission	Sweepstakes Commission	Total
Cash Flows from Operating Activities:				
Operating Income	\$ 24,145	\$ 46,511	\$ 53,243	\$ 123,899
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	8,675	1,051	90	9,816
Change in Operating Assets and Liabilities:				
(Increase)Decrease in Receivables	(273)	(270)	1,069	526
(Increase) Decrease in Inventories		(437)	215	(222)
Increase (Decrease) in Accounts Payable and Other Accruals	272	(981)	(954)	(1,663)
Decrease in Deferred Revenue		(56)	(74)	(130)
Contributions from Other Funds		68		68
Net Cash Provided by Operating Activities	32,819	45,886	53,589	132,294
Cash Flows from Noncapital Financing Activities:				
Transfers to Other Funds		(63,451)	(49,541)	(112,992)
Proceeds from Collection of Licenses and Beer Tax		14,149		14,149
Net Cash Used for Noncapital Financing Activities		(49,302)	(49,541)	(98,843)
Cash Flows from Capital and Related Financing Activities:				
Acquisition, Disposal and Construction of Capital Assets	(29,304)	(1,124)	(87)	(30,515)
Increase in Contributed Capital	1,862			1,862
Interest Paid on Revenue and General Obligation Bonds	(15,776)			(15,776)
Principal Paid on Bonds	(9,426)			(9,426)
Net Cash Used for Capital and Related Financing Activities	(52,644)	(1,124)	(87)	(53,855)
Cash Flows from Investing Activities:				
Purchase of Investments	(12,470)			(12,470)
Proceeds from Maturities of Investments	25,787			25,787
Interest and Other Income	3,318	2,837	968	7,123
Net Cash Provided by Investing Activities	16,635	2,837	968	20,440
Net Increase (Decrease) in Cash and Cash Equivalents	(3,190)	(1,703)	4,929	36
Cash and Cash Equivalents - July 1	36,454	3,128	5,429	45,011
Cash and Cash Equivalents - June 30	\$ 33,264	\$ 1,425	\$ 10,358	\$ 45,047

TRUST AND AGENCY FUNDS

Expendable Trusts: *An expendable trust is created when both the principal and the earnings of the fund can be expended to achieve the objectives of the fund. The State's Unemployment Compensation Trust Fund is the major component of the State's expendable trust funds.*

Non-Expendable Trusts: *The non-expendable trusts account for assets received and expended by the State as the trustee. The principal of the funds is non-expendable, whereas the earnings on the principal are used to support the individual fund's purpose.*

Agency Funds: *Assets received by the State as an agent for other governmental units, other organizations, or individuals are accounted for as agency funds. Payroll taxes collected on behalf of the federal government and employee voluntary deductions for deposit to the State's deferred compensation plan are two of the larger agency funds of the State.*



STATE OF NEW HAMPSHIRE

COMBINING BALANCE SHEET

TRUST AND AGENCY FUNDS

JUNE 30, 1997

(Expressed in Thousands)

	Expendable Trust Funds	Non- Expendable Trust Funds	Agency Funds	Totals
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 513	\$ 1,418	\$ 6,337	\$ 8,268
Investments	275,581	8,565	168,645	452,791
Inventories	92			92
Receivables (Net of Allowances for Uncollectibles)	6,432			6,432
Due from Other Funds		193		193
Total Assets	<u>\$ 282,618</u>	<u>\$ 10,176</u>	<u>\$ 174,982</u>	<u>\$ 467,776</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Due to Other Funds		\$ 102		\$ 102
Due to Other Taxing Units			\$ 33	\$ 33
Due to Component Units			292	292
Custodial Funds Payable	\$ 144		174,657	174,801
Payment Due Other Jurisdictions/Overpayment	3,489			3,489
Total Liabilities	<u>3,633</u>	<u>102</u>	<u>174,982</u>	<u>178,717</u>
FUND BALANCES:				
Reserved for Unemployment Compensation Benefits	275,145			275,145
Reserved for Various Trust Funds	3,840	10,074		13,914
Total Fund Balances	<u>278,985</u>	<u>10,074</u>		<u>289,059</u>
Total Liabilities and Fund Balances	<u>\$ 282,618</u>	<u>\$ 10,176</u>	<u>\$ 174,982</u>	<u>\$ 467,776</u>

STATE OF NEW HAMPSHIRE

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 1997

(Expressed in Thousands)

	Balance July 1, 1996	Additions	Deductions	Balance June 30, 1997
<u>PAYROLL TAXES AND FRINGE BENEFITS</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 35	\$ 793	\$ 795	\$ 33
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 35	\$ 793	\$ 795	\$ 33
<u>DEFERRED COMPENSATION</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 1			\$ 1
Investments	92,360	\$ 16,996	\$ 5,164	104,192
Total Assets	\$ 92,361	\$ 16,996	\$ 5,164	\$ 104,193
<u>LIABILITIES</u>				
Custodial Funds Payable	\$ 92,361	\$ 16,996	\$ 5,164	\$ 104,193
<u>UNIFIED COURT SYSTEM</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 4,538	\$ 8,360	\$ 8,234	\$ 4,664
<u>LIABILITIES</u>				
Custodial Funds Payable	\$ 4,538	\$ 8,360	\$ 8,234	\$ 4,664
<u>CHILD SUPPORT FUND</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 1,015	\$ 59,707	\$ 59,851	\$ 871
<u>LIABILITIES</u>				
Custodial Funds Payable	\$ 1,015	\$ 59,707	\$ 59,851	\$ 871
<u>NUCLEAR DECOMMISSIONING</u>				
<u>ASSETS</u>				
Investments	\$ 45,813	\$ 14,455	\$ 1,182	\$ 59,086
<u>LIABILITIES</u>				
Custodial Funds Payable	\$ 45,813	\$ 14,455	\$ 1,182	\$ 59,086

STATE OF NEW HAMPSHIRE

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)

AGENCY FUNDS

JUNE 30, 1997

(Expressed in Thousands)

	Balance July 1, 1996	Additions	Deductions	Balance June 30, 1997
<u>MAINE - NEW HAMPSHIRE BRIDGE AUTHORITY</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents		\$ 171		\$ 171
Investments		5,579	\$ 724	4,855
Total Assets	\$ -0-	\$ 5,750	\$ 724	\$ 5,026
<u>LIABILITIES</u>				
Custodial Funds Payable	\$ -0-	\$ 5,750	\$ 724	\$ 5,026
<u>MISCELLANEOUS AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 553	\$ 3,780	\$ 3,736	\$ 597
Investments	853	110	451	512
Total Assets	\$ 1,406	\$ 3,890	\$ 4,187	\$ 1,109
<u>LIABILITIES</u>				
Due to Component Units	\$ 670	\$ 32	\$ 410	\$ 292
Custodial Funds Payable	736	3,858	3,777	817
Total Liabilities	\$ 1,406	\$ 3,890	\$ 4,187	\$ 1,109
<u>TOTALS - AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 6,142	\$ 72,811	\$ 72,616	\$ 6,337
Investments	139,026	37,140	7,521	168,645
Total Assets	\$ 145,168	\$ 109,951	\$ 80,137	\$ 174,982
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 35	\$ 793	\$ 795	\$ 33
Due to Component Units	670	32	410	292
Custodial Funds Payable	144,463	109,126	78,932	174,657
Total Liabilities	\$ 145,168	\$ 109,951	\$ 80,137	\$ 174,982

STATE OF NEW HAMPSHIRE

TRANSFERS SCHEDULE

JUNE 30, 1997

(Expressed in Thousands)

	Transfers In					
	Special Revenue Funds				Capital Projects Fund	Combined Totals
	General Fund	Fish and Game Fund	Special Fund	Totals		
Transfers Out:						
General Fund			\$ 234,337	\$ 234,337	\$ 398	\$ 234,735
Special Revenue Funds:						
Highway Fund	\$ 791	\$ 791		791		1,582
Special Fund	125					125
Total Special Revenue Funds	916	791		791		1,707
Capital Projects Fund	271					271
Subtotal	1,187	791	234,337	235,128	398	236,713
Enterprise Funds:						
Liquor Commission	63,497					63,497
Sweepstakes Commission	54,207					54,207
Total Enterprise Funds	117,704					117,704
Combined Totals	\$ 118,891	\$ 791	\$ 234,337	\$ 235,128	\$ 398	\$ 354,417

In addition, the General Fund and the Capital Fund made operating transfers of \$63.8 million and \$14.5 million respectively to the Component Units - College and University Funds.

COMPONENT UNITS

Business Finance Authority - (BFA): The BFA was established to provide preservation, establishment, and redevelopment of business and industry for the betterment of the economy of the State and its inhabitants, create or preserve employment opportunities, protect the physical environment, preserve or increase the social welfare or economic prosperity of the State or its political subdivisions, and promote the general welfare of the state's citizens. The BFA accomplishes its purposes through various loan programs it offers to the State's businesses and industries. Operations are funded primarily through bond service charge fees and rental income from a building located at an industrial park.

Pease Development Authority - (PDA): The PDA, successor to the Pease Redevelopment Commission (PRC), was established to implement the PRC's comprehensive plan for the conversion and redevelopment of the Pease International Tradeport. The guiding principles of the plan were job creation, fiscal viability, economic development and environmental quality. Operations are funded primarily through facility lease income, airport joint use income and golf course revenues.

The Community Development Finance Authority - (CDFA): The CDFA was established to provide financial and technical assistance to community based housing and economic development projects. The CDFA charges fees to donee organizations based upon the fair market value of property conveyed to the CDFA. The CDFA also distributes pledges it receives to the respective economic development organizations and charges a fee which ranges from 15 to 20 percent of the pledges for managing the program. Operations are financed primarily through these fees.

University System of New Hampshire: The University System was established to provide the residents of the State with a well coordinated system of public higher education offering the arts and sciences, and the professional and technical 2-year, 4-year, and graduate programs which serve the needs of the State and the Nation. In addition, the University System of New Hampshire generates research which contributes to the welfare of humanity, to the development of faculty, and to the educational experiences of students; and provides educational resources and professional expertise to benefit the State and its people.

New Hampshire Retirement System: The New Hampshire Retirement System is the administrator of a cost-sharing multiple-employer contributory pension plan and trust established as of July 1, 1967 and is intended for all time to meet the requirements of a qualified tax-exempt organization within the meaning of section 401(a) and section 501(a) of the United States Internal Revenue Code. Participating employers include the employees of the State government of New Hampshire, certain cities and towns, all counties and various school districts.

STATE OF NEW HAMPSHIRE

COMBINING BALANCE SHEET

COMPONENT UNITS

JUNE 30, 1997

(Expressed in Thousands)

	College and University Funds	Pension Trust Funds	Proprietary Funds	Totals
<u>ASSETS</u>				
Cash, Cash Equivalents and Short-term Investments	\$ 56,907	\$ 482,621	\$ 7,140	\$ 546,668
Receivables:				
Accounts (Net of Allowances For Uncollectibles)	15,029		3,797	18,826
Accrued Interest and Dividends		12,809		12,809
Contributions and Other		20,158		20,158
Notes Receivable (Net of Allowances For Uncollectibles)	20,148		4,519	24,667
Investments	152,535	3,266,935	356	3,419,826
Restricted Assets:				
Cash and Cash Equivalents			7,349	7,349
Investments			13,764	13,764
Due from Primary Government			292	292
Receivables			19,288	19,288
Total Restricted Assets			40,693	40,693
Fixed Assets, Net	333,943		52,387	386,330
Other Assets	7,853	403	8,231	16,487
Total Assets	\$ 586,415	\$ 3,782,926	\$ 117,123	\$ 4,486,464
<u>LIABILITIES AND FUND EQUITY</u>				
Accounts Payable	\$ 15,619		\$ 1,824	\$ 17,443
Accrued Payroll	8,328		65	8,393
Deferred Revenue	13,998		290	14,288
Current Portion of Bonds Payable			500	500
Other Current Liabilities			679	679
Current Liabilities Payable from Restricted Assets			13,505	13,505
Bonds Payable			22,836	22,836
Due to Primary Government	12,571		54,392	66,963
Long-term Debt	100,641			100,641
Compensated Absenses and Accrued Employee Benefits	53,139			53,139
Mortgage Notes Payable		\$ 50,060		50,060
Administrative Assessment Balance		(76)		(76)
Management Fees and Other Payables		437,453		437,453
Advances from Tenant			483	483
Other Noncurrent Liabilities			3,956	3,956
Total Liabilities	204,296	487,437	98,530	790,263
Fund Equity:				
Contributed Capital			21,687	21,687
Retained Deficit			(3,094)	(3,094)
Fund Balances:				
College and University Fund Balances	382,119			382,119
Reserved for Pension Benefits		3,176,157		3,176,157
Reserved for Post Retirement Medicaid Benefits		119,332		119,332
Total Fund Equity	382,119	3,295,489	18,593	3,696,201
Total Liabilities and Fund Equity	\$ 586,415	\$ 3,782,926	\$ 117,123	\$ 4,486,464

STATE OF NEW HAMPSHIRE
COMBINING BALANCE SHEET
COMPONENT UNITS - COLLEGE AND UNIVERSITY FUNDS
JUNE 30, 1997
(Expressed in Thousands)

	Current Funds	Loan Funds	Endowment And Similar Funds	Plant Funds	Totals
<u>ASSETS</u>					
Cash and Short-term Investments	\$ 34,655	\$ 281	\$ 2,837	\$ 19,134	\$ 56,907
Accounts Receivable (Net of Allowances For Uncollectibles) .	11,576		64	3,389	15,029
Prepaid Expenses	5,150			175	5,325
Notes Receivable (Net of Allowances For Uncollectibles) ...		20,148			20,148
Investments	41,057	596	105,235	5,647	152,535
Property and Equipment, Net				333,943	333,943
Other Assets	724			1,804	2,528
Interfund Balances, Net	10,599			(10,599)	
Total Assets	<u>\$ 103,761</u>	<u>\$ 21,025</u>	<u>\$ 108,136</u>	<u>\$ 353,493</u>	<u>\$ 586,415</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Accounts Payable and Accrued Expenses	\$ 8,241		\$ 759	\$ 6,619	\$ 15,619
Accrued Payroll	8,328				8,328
Deposits and Deferred Revenues	13,998				13,998
Due to Primary Government				12,571	12,571
Long-term Debt				100,641	100,641
Compensated Absenses and Accrued Employee Benefits ...	53,139				53,139
Total Liabilities	<u>83,706</u>		<u>759</u>	<u>119,831</u>	<u>204,296</u>
Fund Balances:					
Current Funds:					
Unrestricted	9,031				9,031
Restricted	11,024				11,024
Loan Funds:					
U.S. Government Grants		\$ 15,695			15,695
Restricted		3,922			3,922
Unrestricted		1,408			1,408
Endowment and Similar Funds:					
Endowment, Primarily Restricted			74,423		74,423
Funds Functioning as Endowment - Unrestricted			7,561		7,561
Funds Functioning as Endowment - Restricted			8,971		8,971
Held in Trust by Others			14,767		14,767
Life Income and Annuity Funds			1,655		1,655
Plant Funds:					
Investment in Plant				214,270	214,270
Unexpended				19,392	19,392
Total Fund Balances	<u>20,055</u>	<u>21,025</u>	<u>107,377</u>	<u>233,662</u>	<u>382,119</u>
Total Liabilities and Fund Balances	<u>\$ 103,761</u>	<u>\$ 21,025</u>	<u>\$ 108,136</u>	<u>\$ 353,493</u>	<u>\$ 586,415</u>

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF PLAN NET ASSETS
COMPONENT UNITS - PENSION TRUST FUNDS
JUNE 30, 1997
(Expressed in Thousands)

	Pension Plan	Post Retirement Medical Plan	Total Plan
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 51,526	\$ 1,946	\$ 53,472
Cash Collateral on Security Lending	413,529	15,620	429,149
Receivables:			
Employer Normal and Accrued Liability	3,248	97	3,345
State Contributions on Behalf of Local Employers	1,799	95	1,894
Long-term Employer	5,302		5,302
Plan Member Contributions	6,388		6,388
Postretirement Medical Plan Contributions on Behalf of Employers	192		192
Interest and Dividends	12,343	466	12,809
Other	2,926	111	3,037
Total Receivables	32,198	769	32,967
Other Assets	388	15	403
Investments at Fair Value:			
Equity Investments:			
Domestic	1,549,368	58,524	1,607,892
International	346,657	13,094	359,751
Fixed Income Investments:			
Domestic	660,256	24,940	685,196
Global	114,775	4,335	119,110
Commercial Real Estate	233,284	8,812	242,096
Timberfunds	155,456	5,872	161,328
Alternative Investments	88,200	3,332	91,532
Residential Mortgages	29	1	30
Total Investments	3,148,025	118,910	3,266,935
Total Assets	3,645,666	137,260	3,782,926
<u>LIABILITIES</u>			
Securities Lending Collateral	413,529	15,620	429,149
Contributions Due Pension Plan		192	192
Management Fees and Other Payables	7,337	277	7,614
Administrative Assessment Balance	(73)	(3)	(76)
Funds Held in Agency	478	20	498
Mortgage Notes Payable	48,238	1,822	50,060
Total Liabilities	469,509	17,928	487,437
Net Assets Held in Trust for Benefits	\$ 3,176,157	\$ 119,332	\$ 3,295,489

STATE OF NEW HAMPSHIRE

COMBINING BALANCE SHEET

COMPONENT UNITS - ENTERPRISE FUNDS

JUNE 30, 1997

(Expressed in Thousands)

ASSETS	Business Finance Authority	Community Development Finance Authority	Pease Development Authority	Totals
Current Assets:				
Cash and Cash Equivalents	\$ 2,373	\$ 1,247	\$ 3,520	\$ 7,140
Investments		356		356
Receivables (Net of Allowances for Uncollectibles)	295	466	3,036	3,797
Loans Receivable	4,519			4,519
Other Assets		6	94	100
Total Current Assets	7,187	2,075	6,650	15,912
Restricted Assets:				
Cash and Cash Equivalents	5,716		1,633	7,349
Investments	10,093	3,671		13,764
Due from Primary Government			292	292
Receivables		7,775	11,513	19,288
Total Restricted Assets	15,809	11,446	13,438	40,693
Fixed Assets:				
Buildings	4,104		17,677	21,781
Leasehold Improvements	4		15,192	15,196
Equipment	67	29	2,027	2,123
Construction-in-Progress			18,860	18,860
Less: Allowance for Depreciation and Amortization	(1,545)	(19)	(4,009)	(5,573)
Net Fixed Assets	2,630	10	49,747	52,387
Other Assets:				
Loans/Pledges Receivable	5,082	2,414		7,496
Other	291	28	316	635
Total Other Assets	5,373	2,442	316	8,131
Total Assets	\$ 30,999	\$ 15,973	\$ 70,151	\$ 117,123
<u>LIABILITIES AND FUND EQUITY</u>				
Current Liabilities:				
Accounts Payable	\$ 10	\$ 9	\$ 1,805	\$ 1,824
Accrued Payroll	40	25		65
Deferred Revenue			290	290
Current Portion of Bonds Payable	500			500
Other Current Liabilities	267		412	679
Total Current Liabilities	817	34	2,507	3,358
Current Liabilities Payable from Restricted Assets	1,560	11,446	499	13,505
Noncurrent Liabilities:				
Bonds Payable	22,329		507	22,836
Due to Primary Government			54,392	54,392
Advances from Tenant			483	483
Other Noncurrent Liabilities	1,233	2,723		3,956
Total Noncurrent Liabilities	23,562	2,723	55,382	81,667
Total Liabilities	25,939	14,203	58,388	98,530
Fund Equity:				
Contributed Capital			21,687	21,687
Retained Earnings (Deficit):				
Reserved for Loan Guarantees/Contingencies	4,409			4,409
Unreserved	651	1,770	(9,924)	(7,503)
Total Retained Earnings (Deficit)	5,060	1,770	(9,924)	(3,094)
Total Fund Equity	5,060	1,770	11,763	18,593
Total Liabilities and Fund Equity	\$ 30,999	\$ 15,973	\$ 70,151	\$ 117,123

STATE OF NEW HAMPSHIRE

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCE COMPONENT UNITS - ENTERPRISE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 1997 (Expressed in Thousands)

	Business Finance Authority	Community Development Finance Authority	Pease Development Authority	Totals
OPERATING REVENUES:				
Charges for Sales and Services	\$ 1,409	\$ 226	\$ 6,752	\$ 8,387
Interest and Earning on Investments		176	870	1,046
Other		11		11
Total Operating Revenue	1,409	413	7,622	9,444
OPERATING EXPENSES:				
Personnel Services	243	173	1,984	2,400
Advertising			144	144
Miscellaneous	186	461	5,352	5,999
Depreciation and Amortization	142	9	1,731	1,882
Total Operating Expenses	571	643	9,211	10,425
Operating Income (Loss)	838	(230)	(1,589)	(981)
NONOPERATING REVENUES (EXPENSES):				
Interest Income	1,775			1,775
Interest Expense	(1,770)			(1,770)
Miscellaneous	(760)			(760)
Total Nonoperating Revenues (Expenses)	(755)			(755)
Net Income (Loss)	83	(230)	(1,589)	(1,736)
Add: Depreciation on Fixed Assets Acquired by Grants and Entitlements Externally Restricted for Capital Acquisitions and Construction that Reduces Contributed Capital			708	708
Increase (Decrease) in Retained Earnings	83	(230)	(881)	(1,028)
Retained Earnings (Deficit)/Fund Balance - July 1	4,977	2,000	(9,043)	(2,066)
Retained Earnings (Deficit)/Fund Balance - June 30	\$ 5,060	\$ 1,770	\$ (9,924)	\$ (3,094)

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF CASH FLOWS
COMPONENT UNITS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1997
(Expressed in Thousands)

	Business Finance Authority	Community Development Finance Authority	Pease Development Authority	Totals
Cash Flows from Operating Activities:				
Operating Income (Loss)	\$ 838	\$ (230)	\$ (1,589)	\$ (981)
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities:				
Depreciation and Amortization	142	9	1,731	1,882
Change in Operating Assets and Liabilities:				
(Increase) Decrease in Receivables	(699)	1,833	(80)	1,054
Decrease (Increase) in Notes and Loans Receivable	148	(150)		(2)
Decrease in Other Assets		1		1
Increase (Decrease) in Accounts Payable and Other Accruals	572	(687)	(233)	(348)
Increase (Decrease) in Deferred Revenue	490	(204)	100	386
Net Cash Provided by (Used for) Operating Activities	1,491	572	(71)	1,992
Cash Flows from Noncapital Financing Activities:				
Proceeds from Loans with Primary Government			1,572	1,572
Interest Paid on Bonds	(1,770)			(1,770)
Principal Paid on Bonds	(500)			(500)
Net Cash (Used for) Provided by Noncapital Financing Activities	(2,270)		1,572	(698)
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Capital Assets	(2)	(2)	(11,757)	(11,761)
Contributed Capital from Federal Government			6,888	6,888
Repayments to Tenant			(26)	(26)
Repayments to Primary Government			(955)	(955)
Proceeds from Loans with Primary Government			4,380	4,380
Equipment Lease Principal Payments			462	462
Net Cash Used for Capital and Related Financing Activities	(2)	(2)	(1,008)	(1,012)
Cash Flows from Investing Activities:				
Proceeds from Sale/Maturity of Investments	1,997	384	378	2,759
Interest Income on Investments	1,775			1,775
Net Cash Provided by Investing Activities	3,772	384	378	4,534
Net Increase in Cash and Cash Equivalents	2,991	954	871	4,816
Cash and Cash Equivalents - July 1	5,098	293	4,282	9,673
Cash and Cash Equivalents - June 30	\$ 8,089	\$ 1,247	\$ 5,153	\$ 14,489



STATE OF NEW HAMPSHIRE

TABLE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL GOVERNMENTAL FUND TYPES

FOR THE LAST TEN FISCAL YEARS

(Expressed in Thousands)

Fiscal Year Ended June 30,

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
REVENUES:										
General Property Taxes	\$ 566	\$ 408	\$ 460	\$ 376	\$ 379	\$ 299	\$ 277	\$ 6,237	\$ 9,848	\$ 9,865
Special Taxes	606,135	543,910	648,688	587,539	718,243	676,228	403,640	314,639	336,556	312,017
Personal Taxes	50,421	44,498	44,013	43,703	41,161	39,340	39,508	38,148	31,438	31,696
Business License Taxes	192,608	180,363	166,090	163,151	155,487	155,194	142,092	139,282	138,036	134,643
Non-Business License Taxes	59,253	56,868	55,931	53,824	53,407	52,865	51,530	52,366	49,549	47,968
Fees	81,989	84,704	71,185	68,671	63,687	60,171	52,363	48,662	35,022	35,337
Fines, Penalties and Interest	26,276	25,056	28,204	26,928	22,897	21,820	27,827	28,320	24,898	24,942
Grants from Federal Government	796,797	818,672	749,143	857,721	739,736	656,030	459,397	355,736	324,394	307,566
Grants from Private and Local Sources	103,374	107,592	93,580	86,960	72,692	67,621	63,270	55,212	47,271	44,779
Rents and Leases	4,832	4,673	4,320	4,305	3,856	4,090	3,769	3,683	3,965	3,332
Interest, Premiums and Discounts	13,067	13,628	13,512	4,198	5,106	5,296	3,759	4,303	7,969	6,850
Sale of Commodities	11,652	10,505	8,924	10,018	8,719	7,535	8,846	10,182	8,580	8,187
Sale of Services	95,338	92,037	136,522	353,692	60,762	51,585	56,528	37,951	35,827	35,700
Assessments	15,157	14,058	13,625	13,968	17,231	15,640	14,300	11,147	10,678	9,775
Grants from Other Agencies	23,273	21,971	17,510	16,633	16,737	17,222	15,395	13,313	16,920	44,585
Miscellaneous	42,056	37,416	41,455	35,104	26,302	26,578	23,876	23,628	25,247	27,216
Total Revenues	2,122,794	2,056,359	2,093,162	2,326,791	2,006,402	1,857,514	1,366,377	1,142,809	1,106,198	1,084,458
EXPENDITURES:										
Current:										
General Government	183,811	190,411	193,585	183,009	176,423	170,621	167,010	158,618	157,163	146,866
Administration of Justice and Public Protection	172,020	162,179	152,867	143,647	138,750	130,025	127,694	121,942	119,584	115,803
Resource Protection and Development	109,987	100,070	100,740	93,917	110,516	79,087	67,550	59,335	57,835	59,895
Transportation	196,898	196,982	188,896	174,631	185,450	171,750	160,431	156,562	144,989	135,874
Health and Social Services	1,093,630	1,097,628	1,193,240	1,316,081	1,069,042	1,002,621	650,903	492,579	445,197	408,044
Education	227,084	208,586	208,155	206,737	262,426	257,392	236,835	218,304	209,270	193,467
Debt Service	75,461	74,754	65,131	63,939	59,842	60,706	60,163	51,999	46,955	46,786
Capital Outlay	129,305	109,207	93,451	106,208	144,598	85,384	82,152	80,445	100,886	88,507
Total Expenditures	2,188,196	2,139,817	2,196,065	2,288,169	2,147,047	1,957,586	1,552,738	1,339,784	1,281,879	1,195,242
Excess (Deficiency) of Revenues Over (Under) Expenditures	(65,402)	(83,458)	(102,903)	38,622	(140,645)	(100,072)	(186,361)	(196,975)	(175,681)	(110,784)
OTHER FINANCING SOURCES (USES):										
Operating Transfers In	236,713	198,808	347,965	428,579	167,172	142,312	113,676	93,593	94,954	85,671
Operating Transfers Out	(236,713)	(198,808)	(347,965)	(428,579)	(167,172)	(142,312)	(113,676)	(93,593)	(94,954)	(85,671)
Operating Transfers from Enterprise Funds	117,704	106,879	99,681	94,752	93,661	92,445	89,497	81,786	78,867	73,947
Operating Transfers to Component Units	(78,217)	(68,524)	(74,832)	(71,165)						
Transfer from IDA							7,000			
Proceeds from Issuance of Bonds	30,291	60,000	65,551	40,000	90,506	59,999	103,000	60,000	85,000	
Miscellaneous										4,765
Proceeds of Refunding Bonds	53,595				122,400			51,407		
Payment to Refunding Bond Escrow Agent	(53,595)				(122,400)			(51,407)		
Total Other Financing Sources ...	69,778	98,355	90,400	63,587	184,167	152,444	199,497	141,786	163,867	78,712
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	4,376	14,897	(12,503)	102,209	43,522	52,372	13,136	(55,189)	(11,814)	(32,072)
Fund Balances - July 1	301,900	287,003	299,506	197,297	153,775	101,403	88,267	143,456	155,270	187,342
Fund Balances - June 30	<u>\$ 306,276</u>	<u>\$ 301,900</u>	<u>\$ 287,003</u>	<u>\$ 299,506</u>	<u>\$ 197,297</u>	<u>\$ 153,775</u>	<u>\$ 101,403</u>	<u>\$ 88,267</u>	<u>\$ 143,456</u>	<u>\$ 155,270</u>

STATE OF NEW HAMPSHIRE

TABLE OF UNRESTRICTED REVENUE GENERAL FUND - GAAP BASIS FOR THE LAST TEN FISCAL YEARS (Expressed in Thousands)

Fiscal Year Ended June 30,

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
Beer Tax	\$ 11,366	\$ 11,113	\$ 11,217	\$ 11,199	\$ 11,182	\$ 11,357	\$ 13,305	\$ 12,180	\$ 12,110	\$ 12,150
Board and Care Revenue	61,401	59,248	105,331	321,562	32,072	22,466	30,518	14,454	14,669	16,250
Uncompensated Care Pool ⁽¹⁾	50,341	45,880	46,245	42,016	160,759	156,271	35,030			
Business Profits Tax	171,990	152,683	138,348	112,293	128,727	91,604	112,035	110,981	143,261	136,773
Business Enterprise Tax	38,239	24,969	29,764	23,975						
Estate and Legacy Tax	40,734	33,270	38,456	32,128	31,064	28,128	23,398	24,282	30,354	21,159
Insurance Tax	57,202	50,488	42,639	43,070	48,221	44,859	43,540	43,084	41,407	41,658
Securities Revenue ⁽²⁾	18,042	15,622	13,722	13,097						
Interest and Dividends Tax	52,683	51,878	37,970	35,767	36,088	34,608	37,413	40,731	36,025	30,659
Liquor Sales and Distribution	71,713	65,971	63,626	63,990	63,463	62,493	58,549	55,100	51,969	50,100
Meals and Rooms Tax	118,984	113,369	239,530	224,946	95,398	92,078	89,803	83,803	81,809	76,514
Park Revenue		5,205	4,212	5,953	5,105	4,287	5,998	7,259	5,960	6,009
Dog Racing	2,213	2,166	2,802	3,147	4,073	4,819	5,954	7,184	8,304	8,824
Horse Racing	2,778	3,032	3,053	2,782	2,430	3,142	3,975	3,353	2,258	1,483
Real Estate Transfer Tax	33,330	30,192	28,971	29,221	26,837	35,105	28,893	32,319	29,679	34,568
Telephone/Communication Tax	39,253	35,519	33,212	30,512	29,529	27,762	22,231	12,788	9,510	9,467
Tobacco Tax	50,436	44,537	44,065	43,712	41,189	39,377	39,540	38,169	31,466	31,722
Utility Tax	17,562	17,488	17,073	19,962	21,077	22,998	10,114	8,194	8,383	7,074
Courts Fines and Fees	20,167	18,914	19,488	19,238	19,338	19,663	21,052	22,609	20,246	20,211
Savings Bank Tax ⁽³⁾					3,040	7,446	11,858	12,618	10,778	8,782
Other:										
Corporate Returns	698	657	621	608	935	1,092	930	926	869	916
Interstate Vehicle Registrations	2,714	2,857	2,842	2,515	2,960	2,744	2,613	2,549	2,417	2,207
Motor Boat Registrations	1,757	1,600	1,747	1,451	1,435	1,411	1,428	1,545	1,168	708
Corporate Filing Fees	3,219	3,093	3,042	2,997	6,562	6,398	6,266	4,499	3,847	3,700
Interest on Surplus Funds	181	324	2,885	1,252	2,463	1,485	1,033	2,215	5,149	3,799
Reimb. of Indirect Costs	4,184	4,215	6,151	5,648	5,595	6,328	4,733	4,551	6,453	7,242
Miscellaneous	26,266	24,516	25,821	26,992	19,453	20,383	18,475	16,779	12,758	10,875
Subtotal Other	39,019	37,262	43,109	41,463	39,403	39,841	35,478	33,064	32,661	29,447
Total	<u>\$ 897,453</u>	<u>\$ 818,806</u>	<u>\$ 962,833</u>	<u>\$ 1,120,033</u>	<u>\$ 798,995</u>	<u>\$ 748,304</u>	<u>\$ 628,684</u>	<u>\$ 562,172</u>	<u>\$ 570,849</u>	<u>\$ 542,850</u>

⁽¹⁾ Beginning in FY 1994, the title Uncompensated Care Pool has replaced Medicaid Enhancement Tax.

⁽²⁾ Beginning in FY 1994, Securities Revenues was reported separately from the Insurance Tax.

⁽³⁾ Effective July 1, 1993, the Savings Bank Tax was repealed.

STATE OF NEW HAMPSHIRE
TABLE OF UNDESIGNATED FUND BALANCE
GENERAL FUND
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)

	Fiscal Year Ended June 30,									
	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
Balance, July 1 (Budgetary Method) . . .	\$ 11,356	\$ 53,769	\$ 66,462	\$ 76,118	\$ 64,907	\$ 23,076	\$ (539)	\$ 39,807	\$ 54,026	\$ 61,660
Additions:										
Unrestricted Revenue	873,749	795,997	847,406	897,333	799,434	749,211	628,598	566,579	569,731	542,780
Unrestricted Revenue - UCP ⁽¹⁾	23,704	22,810	115,427	222,700						
Total Unrestricted Revenue	897,453	818,807	962,833	1,120,033	799,434	749,211	628,598	566,579	569,731	542,780
Transfer from Other Funds	1,062	3,374	692	699	806	689	5,116	956	336	386
Bonds Authorized and Unissued				1,000	3,800		20,000			
Other Credits	51	435	1,054	383	1,220	320	7,000	461	460	1,948
Total Additions	898,566	822,616	964,579	1,122,115	805,260	750,220	660,714	567,996	570,527	545,114
Deductions:										
Appropriations Net of Estimated Revenue:										
General Government	185,695	175,145	192,018	177,992	176,098	164,693	155,397	143,822	137,217	134,377
Administration of Justice and Public Protection	109,324	107,573	99,498	96,464	86,286	83,750	78,473	75,885	67,215	61,525
Resource Protection and Development	35,071	40,256	37,479	38,931	30,942	18,950	34,510	32,814	30,499	36,308
Transportation	2,845	2,886	2,710	3,117	2,799	2,813	2,860	2,955	1,792	4,524
Health and Social Services	205,796	203,716	214,601	207,651	191,721	185,110	178,695	175,435	159,667	146,363
Education	124,941	119,970	122,203	128,932	116,434	111,918	107,397	101,010	99,299	95,603
Liquor Commission	20,443	20,774	19,887	19,466	19,893	19,319	18,856	19,120	18,766	18,021
Special Fund	195,957	195,011	207,410	172,166	157,246	140,900	106,198	85,604	88,881	82,578
Subtotal	880,072	865,331	895,806	844,719	781,419	727,453	682,386	636,645	603,336	579,299
Uncompensated Care Pool	23,704	22,810	115,427	222,700						
Health Care Transition Fund (HCTF)	6,500	7,912	8,418							
Total Appropriations Net of Estimated Revenues	910,276	896,053	1,019,651	1,067,419	781,419	727,453	682,386	636,645	603,336	579,299
Less: Lapses	(25,493)	(25,973)	(28,614)	(28,046)	(25,582)	(20,056)	(18,017)	(29,517)	(20,313)	(24,524)
Lapses - HCTF	(6,415)	(790)	(12,861)							
Total Lapses	(31,908)	(26,763)	(41,475)	(28,046)	(25,582)	(20,056)	(18,017)	(29,517)	(20,313)	(24,524)
Net Appropriations	878,368	869,290	978,176	1,039,373	755,837	707,397	664,369	607,128	583,023	554,775
Transfers to Other Funds	398	595	965	834	349	203		185	341	1,838
Other Debits	1,823	2,266	2,481	1,315	303	789	1,216	1,029	34	484
Transfer to Fund Equity Reserve or Designation Accounts	(13,305)	(7,122)	(4,350)	90,249	37,560		(28,486)		1,348	(4,349)
Total Deductions	867,284	865,029	977,272	1,131,771	794,049	708,389	637,099	608,342	584,746	552,748
Balance, June 30 (Budgetary Method) . .	42,638	11,356	53,769	66,462	76,118	64,907	23,076	(539)	39,807	54,026
GAAP Adjustments:										
Receivables	2,764	3,414	4,555	4,132	4,563	3,525	4,539	3,479	6,228	4,938
Accounts Payable and Accrued Liabilities	(53,199)	(58,669)	(56,777)	(52,778)	(45,246)	(46,232)	(46,651)	(38,409)	(35,514)	(39,367)
Due to Trust Funds									(242)	(251)
Transfer from General Fund to Liquor Fund	(3,180)	(2,942)	(2,523)	(2,301)	(2,309)	(2,384)	(2,139)	(2,211)	(2,144)	(3,587)
Transfer from General Fund to Special Fund	(29,207)	(10,531)	(34,133)	(2,546)	(1,643)	(1,199)	(3,353)	(1,546)	(2,467)	(2,607)
Elimination Bonds Authorized				(1,000)						
Additional Transfer (to) from Reserve Accounts	38,960	13,221	35,109					28,486	(56)	(4)
Total GAAP Adjustments	(43,862)	(55,507)	(53,769)	(54,493)	(44,635)	(46,290)	(47,604)	(10,201)	(34,195)	(40,878)
Balance, June 30 (GAAP)	\$ (1,224)	\$ (44,151)	\$ -0-	\$ 11,969	\$ 31,483	\$ 18,617	\$ (24,528)	\$ (10,740)	\$ 5,612	\$ 13,148

⁽¹⁾ UCP = Uncompensated Care Pool

STATE OF NEW HAMPSHIRE

TABLE OF UNDESIGNATED FUND BALANCE

HIGHWAY FUND

FOR THE LAST TEN FISCAL YEARS

(Expressed in Thousands)

Fiscal Year Ended June 30,

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
Balance, July 1 (Budgetary Method) . .	\$ (2,903)	\$ 8,299	\$ 1,050	\$ (2,104)	\$ 1,377	\$ (6,253)	\$ (6,591)	\$ (2,441)	\$ 8,033	\$ 12,348
Additions:										
Unrestricted Revenue:										
Gasoline Tax	111,001	107,025	102,053	97,222	96,311	94,107	90,381	82,588	88,889	84,270
Motor Vehicle Fees	62,449	60,174	59,462	56,425	55,313	55,025	52,816	53,840	48,699	46,374
Other	10,090	10,709	8,405	7,501	7,383	8,677	7,433	8,926	9,651	7,903
Total Unrestricted Revenue	183,540	177,908	169,920	161,148	159,007	157,809	150,630	145,354	147,239	138,547
Bonds Authorized and Unissued . . .				1,300	13,500	3,250	1,000	5,000	2,500	1,775
Other Credits	43		370	3,586	6,154			78	64	1,219
Total Additions	183,583	177,908	170,290	166,034	178,661	161,059	151,630	150,432	149,803	141,541
Deductions:										
Appropriations Net of										
Estimated Revenues	175,814	193,270	168,799	168,210	182,818	158,258	161,393	158,374	161,582	152,138
Less: Lapses	(7,717)	(6,534)	(7,038)	(7,007)	(6,198)	(6,402)	(11,844)	(6,679)	(6,848)	(8,356)
Net Appropriations	168,097	186,736	161,761	161,203	176,620	151,856	149,549	151,695	154,734	143,782
Other Debits	1,582	2,374	1,280	1,677	5,522	1,573	1,743	2,887	5,543	2,074
Total Deductions	169,679	189,110	163,041	162,880	182,142	153,429	151,292	154,582	160,277	145,856
Balance, June 30 (Budgetary Method) .	11,001	(2,903)	8,299	1,050	(2,104)	1,377	(6,253)	(6,591)	(2,441)	8,033
GAAP Adjustments:										
Receivables	934	317	777	560	4,257	1,180	4,464	3,577	7,175	11,418
Accounts Payable and										
Accrued Liabilities	(9,803)	(8,567)	(9,707)	(8,923)	(5,866)	(7,671)	(11,040)	(10,480)	(11,512)	(16,198)
Bonds Authorized										
and Unissued	(19,045)	(19,109)	(19,142)	(19,590)	(18,290)	(11,629)	(10,605)	(19,904)	(17,219)	(34,344)
Total GAAP Adjustments	(27,914)	(27,359)	(28,072)	(27,953)	(19,899)	(18,120)	(17,181)	(26,807)	(21,556)	(39,124)
Reclassification of Designated Balance		39,732	42,962	32,515	6,377	28,519	49,196	46,318	34,094	30,419
Balance, June 30 (GAAP)	\$ (16,913)	\$ 9,470	\$ 23,189	\$ 5,612	\$ (15,626)	\$ 11,776	\$ 25,762	\$ 12,920	\$ 10,097	\$ (672)

STATE OF NEW HAMPSHIRE

TABLE OF UNDESIGNATED FUND BALANCE

FISH AND GAME FUND

FOR THE LAST TEN FISCAL YEARS

(Expressed in Thousands)

	Fiscal Year Ended June 30,									
	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
Balance, July 1 (Budgetary Method) . . .	\$ 4,068	\$ 4,539	\$ 3,999	\$ 3,176	\$ 3,235	\$ 3,460	\$ 2,729	\$ 1,943	\$ 1,589	\$ 1,445
Additions:										
Unrestricted Revenue	7,397	6,769	6,819	6,654	6,715	6,410	6,281	6,111	5,689	5,624
Other Credits	791	871	640	818		28	935	525	231	293
Total Additions	8,188	7,640	7,459	7,472	6,715	6,438	7,216	6,636	5,920	5,917
Deductions:										
Appropriations Net of										
Estimated Revenues	8,311	8,413	7,502	7,294	7,073	6,977	6,733	6,557	6,482	6,359
Less: Lapses	(385)	(302)	(730)	(645)	(327)	(337)	(308)	(707)	(947)	(586)
Net Appropriations	7,926	8,111	6,772	6,649	6,746	6,640	6,425	5,850	5,535	5,773
Other Debits	20		147		28	23	60		31	
Total Deductions	7,946	8,111	6,919	6,649	6,774	6,663	6,485	5,850	5,566	5,773
Balance, June 30 (Budgetary Method) . . .	4,310	4,068	4,539	3,999	3,176	3,235	3,460	2,729	1,943	1,589
GAAP Adjustments:										
Receivables	128	124	102	130	96	100	96	142	66	89
Accounts Payable and										
Accrued Liabilities	(1,182)	(1,120)	(871)	(992)	(782)	(758)	(778)	(471)	(408)	(617)
Total GAAP Adjustments	(1,054)	(996)	(769)	(862)	(686)	(658)	(682)	(329)	(342)	(528)
Balance, June 30 (GAAP)	\$ 3,256	\$ 3,072	\$ 3,770	\$ 3,137	\$ 2,490	\$ 2,577	\$ 2,778	\$ 2,400	\$ 1,601	\$ 1,061

STATE OF NEW HAMPSHIRE
SCHEDULE OF REVENUE BOND COVERAGE RATIO
TURNPIKE SYSTEM REVENUE BONDS
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)

Fiscal Year	Gross Revenues	Direct Operating Expenses	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
1997	55,714	17,231	38,483	5,653	15,944	21,597	1.78
1996	53,231	17,024	36,207	5,348	16,247	21,595	1.68
1995	51,670	17,336	34,334	4,416	16,462	20,878	1.64
1994	49,573	15,749	33,824	3,525	14,744	18,269	1.85
1993	47,859	15,968	31,891	2,940	13,623	16,563	1.93
1992	48,097	15,020	33,077	2,579	14,165	16,744	1.98
1991	49,165	13,459	35,706	2,265	14,489	16,754	2.13
1990	44,488	12,208	32,280	1,373	9,748	11,121	2.90
1989	32,561	10,806	21,755	1,043	8,005	9,048	2.40
*1988	30,806	10,209	20,597	589	5,359	5,948	3.46

* The Turnpike System's first series of Revenue Bonds were issued in Fiscal Year 1988.

STATE OF NEW HAMPSHIRE

RATIO OF GENERAL LONG-TERM DEBT TO ASSESSED VALUE AND GENERAL LONG-TERM DEBT PER CAPITA FOR THE LAST TEN FISCAL YEARS

(Expressed In Thousands)					
Fiscal Year	(1) Population	(2) Assessed Value	(3) General Long-Term Debt	Ratio Of General Long- Term Debt To Assessed Value	General Long- Term Debt Per Capita
1997	1,177	64,013,126	\$ 661,353	1.03%	\$ 562
1996	1,162	64,013,126	663,286	1.03	571
1995	1,148	63,115,248	646,316	1.02	563
1994	1,135	62,832,676	614,982	.98	541
1993	1,123	61,230,364	610,456	1.00	543
1992	1,114	61,895,766	538,013	.87	483
1991	1,108	60,024,128	510,078	.85	460
1990	1,112	54,386,255	441,060	.81	397
1989	1,105	46,936,012	406,465	.87	368
1988	1,083	37,892,393	349,860	.92	323

Sources: (1) U.S. Dept. of Commerce, Bureau of the Census, reflects the most current available data for all years represented (1997 estimated).
(2) New Hampshire Department of Revenue Administration (1997 estimated).
(3) Includes all General Obligation Bonds Payable of the Primary Government.

STATE OF NEW HAMPSHIRE

DEMOGRAPHIC STATISTICS FOR THE LAST TEN CALENDAR YEARS

Year	(1) Population	(2) Per Capita Income	(3) Unemployment Rate
1997	1,177,000	27,453	3.1
1996	1,162,000	26,520	4.2
1995	1,148,000	25,587	4.0
1994	1,135,000	24,125	4.6
1993	1,123,000	22,755	6.6
1992	1,114,000	22,232	7.5
1991	1,108,000	21,023	7.2
1990	1,112,000	20,227	5.7
1989	1,105,000	19,977	3.5
1988	1,083,000	19,292	2.4

Sources: (1) U.S. Dept. of Commerce, Bureau of the Census, reflects the most current available data for all years represented (1997 estimated).
(2) U.S. Dept. of Commerce, Bureau of Economic Analysis, reflects the most current available data for all years represented (1997 estimated).
(3) New Hampshire Department of Employment Security, Economic and Labor Market Information Bureau (1997 estimated).

STATE OF NEW HAMPSHIRE

NUMBER OF BUILDING PERMITS FOR HOUSING UNITS FOR THE LAST TEN CALENDAR YEARS

Year	Single Family Houses	Two Family Buildings	Three and Four Family Buildings	Five or More Family Buildings	Total
1997*					
1996	4,233	44	10	42	4,329
1995	4,105	24	12	19	4,160
1994	4,130	63	20	24	4,237
1993	3,987	29	12	22	4,050
1992	3,931	29	13	23	3,996
1991	3,531	20	14	12	3,577
1990	3,514	69	15	24	3,622
1989	5,664	176	58	72	5,970
1988	7,939	338	186	157	8,620

Source: U.S. Department of Commerce, Bureau of the Census.

* Data is not available for 1997.

STATE OF NEW HAMPSHIRE

SCHEDULE OF THE TWENTY LARGEST PRIVATE SECTOR EMPLOYERS (Based on Number of Employees in the State)

DeMoulas/Market Basket

Cabletron Systems, Inc.

Sanders (a Lockheed Martin Company)

Wal-Mart Stores, Inc.

Digital Equipment Corporation

Dartmouth Hitchcock Medical Center

Optima Health

Shop 'N Save

Shaw's Supermarket, Inc.

Dartmouth College

Liberty Mutual Group

General Electric Meter Business

NYNEX

Osram Sylvania, Inc.

MPB Corporation

Freudenberg-NOK

NH International Speedway

St. Joseph Hospital

Sears

Sturm, Ruger and Co., Inc.

STATE OF NEW HAMPSHIRE

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